

# Remuneration and Nominations Committee Charter

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STW Communications Group Limited ACN 001 657 370  
(**Company**)

# Remuneration and Nominations Committee Charter

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## 1. Introduction

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

## 2. Establishment of the Committee

This Charter sets out the basis for the Board's establishment of the nominations and remuneration committee and should be read in conjunction with the Board's Corporate Governance Statement and the Board Charter.

## 3. Objective

The objective of the Remuneration and Nominations Committee is to help the board achieve its objective 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;
- (a) observes those remuneration policies and practices; and
- (b) fairly and responsibly rewards executives having regard to the performance of the Group, the performance of the executives and the general pay environment.

## 4. Nominations and board composition - responsibilities

The Remuneration and Nominations Committee is responsible for:

- (a) identifying and recommending to the board, nominees for membership or re-election to 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) the development of a process for the evaluation of the performance of the board, its committees and directors;
- (d) developing and implementing processes to identify and assess necessary and desirable competencies and characteristics for board members;
- (e) ensuring succession plans are in place to maintain an appropriate balance of skills, experience and expertise on the board and reviewing those plans; and

- (f) recommending the removal of directors.

## 5. Policy for appointing new directors and re-election of directors

The Board has delegated to the Remuneration and Nominations Committee in consultation with the Chairman of the Board, the responsibility for identifying and recommending to the Board, candidates for the Board, after considering the necessary and desirable competencies for new Board members.

The Board believes that its membership should comprise directors with an appropriate mix of skills, experience and personal attributes that allow the directors to individually, and as a Board collectively, to:

- (a) Discharge their responsibilities and duties under the law effectively and efficiently;
- (b) Understand the business of the STW and the environment in which STW operates so as to be able to agree with management the objectives, goals and strategic direction which will maximise shareholder value; and
- (c) Assess the performance of management in meeting those objectives and goals.

Accordingly, in selecting potential new directors, the Remuneration and Nominations Committee will seek to identify the competencies required to enable the Board to fulfil its responsibilities. In doing so, the Committee will have regard to the results of the annual appraisal of the Board's performance.

While recognising that each director will not necessarily fulfil all criteria, the Remuneration and Nominations Committee have identified the following fundamental factors as relevant to the selection and appointment of new directors:

- (a) Outstanding in capability with extensive and senior commercial experience, preferably with a listed company;
- (b) High level of personal integrity;
- (c) Time available to meet the commitment required;

## 6. Procedure for appointing new directors and re-election of directors

The procedure followed by the Remuneration and Nominations Committee working in conjunction with the Chairman of the Board for appointing new directors and assessing the re-election of existing directors will involve:

- (a) regularly assessing and identifying the necessary and desirable skills, experience and knowledge for board members;
- (b) assessing and identifying the skills, experience and knowledge represented on the board and those desired;
- (c) assessing and determining the time commitment needed from each board member to adequately perform their duties;
- (d) making suitable inquiries of professional executive search and recruitment consultants and major shareholders for candidates;
- (e) interviewing each candidate and conducting background and reference checks;
- (f) ensuring that each candidate:

- (i) has the necessary skills, experience and knowledge to perform their duties and responsibilities as a director;
  - (ii) is able to devote the time necessary to perform their duties and responsibilities;
  - (iii) is sufficiently independent in accordance with the ASX Corporate Governance Council's definition of independence the Company's materiality thresholds; and
  - (iv) is able to work with the other members of the board;
- (g) assembling a short list of potential nominees for submission to the board;
  - (h) being conscious of the duration of each director's tenure in succession planning; and
  - (i) ensuring that any notice of general meeting at which the appointment of a director is to be considered, is clearly and comprehensively written in accordance with the suggestions of the ASX Corporate Governance Council.

## 7. Performance and education of directors - responsibilities

7.1 The Remuneration and Nominations Committee is responsible for:

- (a) establishing processes and appropriate measures for evaluating the performance of the board, both collectively and individually;
- (b) annually evaluating the performance of the board, both collectively and individually;
- (c) regularly reviewing the time required from non-executive directors to perform their functions and assessing whether they are satisfying time requirements;
- (d) establishing induction programmes for new directors to allow new directors to participate fully and actively in board decision making at the earliest opportunity; and
- (e) developing continuing education programmes for directors.

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

## 8. Induction program

The Remuneration and Nominations Committee is responsible for developing an induction program for new directors that enables them to gain an understanding of:

- (a) the Company's and the Group's financial, strategic, operational and risk management position;
- (b) the rights, duties, and responsibilities of the directors;
- (c) the roles and responsibilities of senior executives; and
- (d) the role of board committees.

## 9. Remuneration policies and practices

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

9.2 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.

## 10. Remuneration - responsibilities

10.1 In performing its responsibilities in relation to remuneration, the Remuneration and Nominations Committee must give appropriate consideration to the Company's performance and objectives, employment conditions and remuneration relativities.

10.2 The Remuneration and Nominations Committee is responsible for:

### ***Executive remuneration and incentive policies***

- (a) reviewing and recommending to the board for approval, executive remuneration and incentive policies and practices;

### ***Executive directors and senior management***

- (b) reviewing and recommending to the board for approval the terms and conditions of employment of the chief executive officer;
- (c) reviewing and recommending to the board for approval the chief executive officer's total remuneration (including base pay, short term and long term incentive programs and termination entitlements)
- (d) The Chairman, with assistance from the Remuneration and Nominations Committee where required, will be responsible for reviewing the performance of the chief executive officer, at least annually, including setting the chief executive officer's goals for the coming year and reviewing the progress in achieving these goals;
- (e) determining if shareholder approval is needed for any change to remuneration of directors or executives;
- (f) reviewing and recommending to the board for approval, the recommendation of the chief executive officer on:
  - (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;
- (g) reviewing and recommending to the board for approval changes to the remuneration or terms of engagement of executive directors before implementation; and
- (h) preparing for approval by the board any report on executive remuneration that may be:
  - (i) required by the ASX Listing Rules or the *Corporations Act 2001* (Cth); or
  - (ii) proposed for inclusion in the annual report,and reporting regularly to the board on those matters;

### ***Executive incentive plans***

- (i) reviewing and recommending to the board for approval the design of any executive incentive plan;
- (j) reviewing and recommending to the board for approval the total proposed payments from any executive incentive plan;

- (k) keeping under review the performance hurdles for any equity based plan;

**Non-executive directors**

- (l) reviewing and recommending to the board for approval the remuneration of non-executive directors for serving on the board and any committee (both individually and in total);
- (m) reviewing and recommending to the board for approval the remuneration and retirement policies for non-executive directors having regard to market trends and shareholder interests;

**Reimbursement of expenses**

- (n) reviewing and monitoring the reimbursement of any expenses incurred by directors; and

**Insurance and indemnities**

- (o) reviewing any insurance premiums or indemnities for the benefit of directors and officers.

## 11. Recruitment and termination - responsibilities

11.1 The Remuneration and Nominations Committee is responsible for:

- (a) reviewing and recommending to the board for approval 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) reviewing and recommending to the board for approval termination payments to direct reports of the chief executive officer and other senior executives.

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

## 12. Other responsibilities

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

## 13. Remuneration and Nominations Committee composition

13.1 The Remuneration and Nominations Committee must comprise:

- (a) at least three members;
- (b) all non-executive directors; and
- (c) a majority of independent directors.

13.2 The Remuneration and Nominations Committee will appoint its chairperson. The chairperson of the Remuneration and Nominations Committee must be an independent director.

13.3 The Company Secretary will be the secretary of the Remuneration and Nominations Committee.

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

13.5 A Remuneration and Nominations Committee member may act by their alternate.

## 14. Remuneration and Nominations Committee meetings

- 14.1 The Remuneration and Nominations Committee will meet at least two times per year or as often as it considers necessary.
- 14.2 The chairperson of the Remuneration and Nominations Committee will call a meeting of the Remuneration and Nominations Committee if requested by any member of the Remuneration and Nominations Committee or by the chairperson of the board.
- 14.3 The quorum for a Remuneration and Nominations Committee meeting is two Remuneration and Nominations Committee members.
- 14.4 Remuneration and Nominations 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.
- 14.5 The Remuneration and Nominations 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).
- 14.6 The Remuneration and Nominations Committee may invite anyone it considers appropriate to attend Remuneration and Nominations Committee meetings.

## 15. Minutes of Remuneration and Nominations Committee meetings

- 15.1 The Remuneration and Nominations Committee must keep minutes of its meetings.
- 15.2 Minutes of each Remuneration and Nominations Committee meeting must be included in the papers for the next full board meeting after each meeting of the Remuneration and Nominations Committee.
- 15.3 Minutes must be distributed to all Remuneration and Nominations Committee members after the Remuneration and Nominations Committee chairperson has approved them.
- 15.4 Minutes, agenda and supporting papers are available to directors upon request to the Remuneration and Nominations Committee secretary, except if a conflict of interest exists.

## 16. Reporting to the board

The Remuneration and Nominations Committee chairperson must report the Remuneration and Nominations Committee's findings to the board after each Remuneration and Nominations Committee meeting.

## 17. Access to information and independent advice

- 17.1 The Remuneration and Nominations Committee may seek any information it considers necessary to fulfil its responsibilities.
- 17.2 The Remuneration and Nominations Committee has access to management to seek explanations and information from management.
- 17.3 The Remuneration and Nominations Committee may seek professional advice from employees of the Group and from appropriate external advisers, at the Company's cost. The Remuneration and Nominations Committee may meet with external advisers without management being present.
- 17.4 Prior to engaging any external advisors, consent must be received from the chairperson of the board. This consent may not be unreasonably withheld or delayed.

## 18. Review and changes to this charter

- 18.1 The Remuneration and Nominations Committee will review this charter annually or as often as it considers necessary.
- 18.2 The board may change this charter from time to time by resolution.

## 19. Approved and adopted

This charter was approved by the board and Remuneration and Nominations Committee on 12 December 2008.