

# **Nomination and Remuneration Committee Charter**

**Piston Machinery Ltd.  
ACN 618 786 333**

Version 1  
Adopted 4 September 2017

## NOMINATION AND REMUNERATION COMMITTEE CHARTER

This Charter outlines the roles and responsibilities of the Nomination and Remuneration Committee established by the Board of Piston Machinery Ltd.

It reflects the Board's endorsement of the recommendations contained in the ASX Corporate Governance Council's Principles and Recommendations, 3rd edition, 2014.

### 1. Role

- (a) The Nomination and Remuneration Committee (**Committee**) is a sub-committee of the Board established to assist the Board discharge its responsibilities.
- (b) The Committee will assist the Board by its oversight and review of:
  - (i) Employee remuneration;
  - (ii) Board performance evaluation;
  - (iii) CEO performance evaluation;
  - (iv) Succession planning arrangements for the position of CEO and senior staff;
  - (v) Directors' and Officers' Insurance, Indemnification of Officers arrangements, and the professional development arrangements for Directors, the CEO, and senior staff; and
  - (vi) Compliance with applicable laws and regulations.

### 2. Membership

- (a) Membership will consist of at least three directors, a majority of whom are independent directors if possible, and one of whom will be the Chairman of the Committee.
- (b) The Chairman of the Committee shall be an independent director.
- (c) The Board will review membership annually at the start of each year or following the termination or resignation of a member. Members should be rotated on a staggered basis to facilitate input of new ideas, while still retaining a degree of continuity.
- (d) In performing its duties, the Committee will maintain effective working relationships with the Board and management.
- (e) Members of the Committee will abide by the Code of Conduct.

### 3. Meetings

- (a) The Committee Chairman will convene meetings twice annually, or more frequently if desired.
- (b) The Company Secretary will be responsible for preparation and circulation of meeting agendas, and the preparation and distribution of formal minutes of proceedings and recommendations. Agendas will be prepared following input from Committee members, and after confirmation by the Committee Chairman, will be distributed at least five (5) working days prior to each meeting. Minutes will

be distributed to Committee members as soon as possible after the meeting, and must be confirmed as an accurate record of the meeting at the next subsequent meeting of the Committee.

- (c) Any Director who is not a member of the Committee will have the right to attend meetings of the Committee.
- (d) At the discretion of the Committee, the Chief Finance Officer, Group Financial Controller and Company Secretary may attend meetings.
- (e) A quorum to transact the affairs of the Committee is two persons or a majority of the Committee, whichever is greater. Prior to each meeting, the Committee may convene privately (without management in attendance).

#### **4. Scope and authorization**

The Committee is authorised, within the scope of its responsibilities, to:

- (a) Seek information it requires from any employee and/or any external party, and all employees are required to cooperate with any lawful request made by the Committee;
- (b) To investigate any activity that is covered by the terms of this Charter; and
- (c) Obtain outside legal or other professional advice at the Company's expense, and initiate special investigations as deemed necessary.

#### **5. Committee Responsibilities**

The Committee will:

- (a) Determine the CEO's remuneration package;
- (b) Identify and where appropriate engage a source of advice (independent from management) on remuneration matters; and
- (c) Develop policies relating to significant terms and conditions of employment likely to have a substantial impact on the organisation and/or employees.

The Committee shall periodically review and consider the structure and balance of the Board and make recommendations regarding appointments, retirements and terms of office of Directors. In particular, the Committee is to:

- (d) identify and recommend candidates for the Board after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after assessment of how the candidates can contribute to the strategic direction of the Company;
- (e) approve and review induction procedures for new appointees of the Board to ensure that they can effectively discharge their responsibilities;
- (f) assess and consider the time required to be committed by a non-executive Director to properly fulfill their duty to the Company and advise the Board;
- (g) assess and consider the independence of Directors;
- (h) consider and recommend candidates for election or re-election to the Board at each annual shareholders' meeting;
- (i) review directorships in other public companies held by or offered to Directors and senior executives of the Company;

- (j) review succession plans for the Board with a view to maintaining an appropriate balance of skills and experience on the Board;
- (k) arrange a performance evaluation of the Board, its Committee and individual Directors, and examine ways of assisting the Board in performing its duties more effectively, by;
  - (A) comparing the performance of the Board with the requirements of its Charter;
  - (B) examining the Board's interaction with management;
  - (C) evaluating the nature of information provided to the Board by management;
  - (D) determining management's performance in assisting the Board to meet its objectives.
- (l) make recommendations on the appropriate size and composition of the Board; and
- (m) make recommendations on the terms and conditions of appointment to, and removal and retirement from, the Board.

## **6. REPORTING PROCEDURES**

- (a) The Committee Chairman will report the findings and recommendations of the Committee at the next subsequent Board meeting, and a copy of the report will be provided to each Board member. Alternatively, the report of recommendations to the Board may be circulated prior to the next Board meeting by a Circular Resolution.
- (b) At the end of each reporting period, the Committee Chairman shall report the number of times the Committee met throughout the period and the individual attendances of the members at those meetings.

## **7. EVALUATION OF COMMITTEE ACTIVITIES**

At the end of each reporting period, the Board will review the Committee Charter, assess the performance of the Committee, and implement any changes deemed necessary to enhance its function.