



ABN 36 087 244 228

# Audit, Remuneration and Nominations Standing Committees of the Board Charters

Approved by the Board on 31 January 2008

## **Audit Committee**

### **1. Constitution**

The Audit Committee is a standing committee of the Board of AnaeCo Limited. Proceedings of this Committee will be governed by this Charter, the Board Charter and the Company's Constitution.

### **2. Composition of the Audit Committee**

The Committee will consist of at least three Non-executive directors, a majority of which must be independent directors.

The Chairperson of the Committee shall be nominated by the Board and must be an independent director. Preferably the Chairperson should be someone other than the Chairperson of the Board.

At least one member of the Committee should have significant relevant accounting or other financial sector experience.

Directors who are not formal members of the Committee may attend Committee meetings as observers.

The Board will provide a secretary for the Committee who may be the Company Secretary.

The CEO and CFO will be expected to be available to attend meetings, but will not be members of the Committee.

If, due to the size or composition of the Board, it is not possible to convene the Committee in accordance with the prescribed composition, the entire Board will carry out the duties of the Audit Committee.

### **3. Roles and Responsibilities**

The roles and responsibilities of the Committee are;

- a. Review the adequacy and effectiveness of internal controls that affect the Company's commercial activities and financial transactions.
- b. Monitor the integrity of financial reporting systems and financial reports.
- c. Review and approve any changes to accounting policies.
- d. Monitor compliance with accounting policies and compliance with accounting standards.
- e. Review and recommend for adoption by the Board, the periodic financial reporting including annual financial statements, half year financial statements.
- f. Review and monitor the propriety of related party transactions, and disclosure of such transactions.
- g. Monitor compliance with corporate and financial laws and regulations, and review the findings of any examinations by regulatory authorities.
- h. Consider the independence of the external auditor, with a specific review of any non-audit services performed or proposed to be performed by the external auditor.
- i. Review the scope, terms of engagement and fees of the external audit on an annual basis.
- j. Meet with the external auditor as part of the review process for the annual and half yearly financial reporting cycles.
- k. Review the performance of the external auditor.
- l. Review the performance of the Company's finance and accounting function as a whole.
- m. Review the results of each period's audit, the audit reports and any other recommendations made by the auditor to the Company, and make recommendation to the Board and management what action if any is required.

#### **4. Meetings and Procedure**

The Committee should meet at least twice a year, prior to the release of the annual and half yearly financial reports.

Minutes of meetings are to be kept, and copies will be provided to all Board members promptly following each meeting.

All recommendations to the Board are to be in writing, and signed off by the Committee Chairperson.

CEO, CFO and external auditors are to be invited to attend meetings as required.

The external auditor is to be given the opportunity to address meetings without management present.

Any Committee member or the external auditor may convene a meeting of the Committee, giving reasonable notice and providing an agenda and relevant meeting papers. Copies of all notices of meetings and agenda will be provided to all Board members.

#### **5. Authority, Access and Resources**

The Company will provide the Committee with sufficient resources and time to undertake its duties.

The Committee has the authority to commission investigations into any matters with the scope of the Committees responsibilities, and may retain independent external professional advisors to assist where required.

The Committee will be granted access to any aspect of the Company, its staff and records, as required, in performing its responsibilities.

#### **6. External auditor rotation**

The Company's external auditor is Ernst & Young. The Company adopts the Ernst & Young policy for rotation which requires both the engagement partner and the quality review partner be rotated each five years.

# **Remuneration Committee**

## **1. Constitution**

The Remuneration Committee is a standing committee of the Board of AnaeCo Limited. Proceedings of this Committee will be governed by this Charter, the Board Charter and the Company's Constitution.

## **2. Composition of the Remuneration Committee**

The Committee will consist of at least three Non-executive directors, a majority of which must be independent directors.

The Chairperson of the Committee shall be nominated by the Board and must be an independent director.

Directors who are not formal members of the Committee may attend Committee meetings as observers.

The Board will provide a secretary for the Committee who may be the Company Secretary.

The CEO will be expected to be available to attend meetings, but will not be a formal member of the Committee.

If, due to the size or composition of the Board, it is not possible to convene the Committee in accordance with the prescribed composition, the entire Board will carry out the duties of the Remuneration Committee.

## **3. Roles and Responsibilities**

The role of the Committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations on remuneration packages of non-executive directors, executive directors and senior management. In so doing it will endeavour to ensure that the Company has coherent remuneration policies and practices, which are observed, and which enable it to attract and retain directors and management with the requisite skills, experience and calibre to deliver the Company's goals and thereby maximise shareholder value.

It is Company policy to reward directors and executives fairly and responsibly having regard to the performance of the Company, the performance of the individual as well as employment market conditions.

The Committee has responsibility to establish and monitor appropriate structures of remuneration for executives and management which provide for an appropriate balance between fixed remuneration and remuneration which is at risk. Remuneration which is at risk means performance based remuneration and this shall include, as appropriate, short term and long term incentives.

The Committee's responsibilities include;

- Determining how equity based compensation is to be structured and applied in providing incentive packages.
- Monitor the operation and effectiveness of the Employee Share Option Plan.
- Review and approve the setting of performance hurdles as well as monitoring achievement of the performance hurdles.
- Approving the payment in any year of incentive rewards.
- Ensure alignment of employee interests with shareholder interests in setting incentive structures and performance hurdles.
- Review and approve policy for termination provisions of senior executive contracts.
- Ensuring an appropriate remuneration structure applies for non-executive directors and that this is distinct from the remuneration structure of executive directors, particularly in relation to incentives and rewards.

#### **4. Meetings and Procedure**

The Committee shall meet as often as required and not less than once each 12 months.

Minutes of meetings are to be kept, and copies will be provided to all Board members promptly following each meeting.

All recommendations to the Board are to be in writing, and signed off by the Committee Chairperson.

Any Committee member may convene a meeting of the Committee, giving reasonable notice and providing an agenda and relevant meeting papers. Copies of all notices of meetings and agenda will be provided to all Board members.

## **5. Authority, Access and Resources**

The Company will provide the Committee with sufficient resources and time to undertake its duties.

The Committee has the authority to commission investigations into any matters with the scope of the Committees responsibilities, and may retain independent external professional advisors to assist where required.

The Committee will be granted access to any aspect of the Company, its staff and records, as required, in performing its responsibilities.

# **Nomination Committee**

## **1. Role**

The role of the Nomination Committee is to identify and recommend candidates for appointment as director, either to fill casual vacancies created by retirements and removals, or to expand the Board.

## **2. Responsibilities**

To ensure that the Board has and maintains the appropriate blend of directors with relevant skills, experience and calibre, the Committee shall;

- Regularly review the size and composition of the Board, and where appropriate, make recommendations to the Board of proposed changes;
- Make recommendations with respect to duration of director's appointment, and if the term of office is due to expire or under the rotation policy the director is due to retire, make a recommendation as to whether the director should be nominated for re-election. Committee recommendations for re-election of directors will be disclosed in notices of general meeting;
- Where there is a need to appoint a new director (either to fill casual vacancies created by retirements and removals, or to expand the Board) the Committee shall determine the desirable profile of the new appointee and then conduct a search using Company networks and outside consultancies as required. A short list of candidates shall be compiled and the Committee shall meet with each candidate to discuss the proposition of them being nominated to the Board. Following this process the details of the short list will be provided to the Board along

with a recommended course of action. The Board will vote by simple majority in selecting candidates to join the Board.

- The Chairman of the Board is responsible for monitoring and evaluating Board performance. Without limiting the responsibility of the Chairman in this regard, the Nominations Committee shall adopt a continuous improvement regime with respect to Board and individual director performance. This extends to ensuring individual Board members are properly resourced to carry out their duties. This may involve maintaining or enhancing specialist or industry knowledge relevant to the Company's business and each director's role.
- The Nomination Committee is responsible for ensuring proper induction of new directors to the Company, and has access to the services of management to ensure this occurs.