

**National Reconstruction
Fund Corporation**

Remuneration, People and Culture Committee Charter

January 2024

The National Reconstruction Fund Corporation is a corporate Commonwealth entity established by the Australian Government under the *National Reconstruction Fund Corporation Act 2023* (Cth).

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1. Purpose and authority

1.1 Purpose

The purpose of this Remuneration, People and Culture Committee Charter is to set out the role, responsibilities, membership and operation of the People and Culture Committee (**Committee**) for the National Reconstruction Fund Corporation (**NRFC**).

The principal purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to establishing people, culture and compensation strategies, policies and initiatives for the NRFC that:

- a. attract and retain exceptional talent and motivate and support employees to pursue the growth and success of the NRFC in alignment with the objectives and values of the NRFC
- b. ensure that talented people are at the centre of the strategy and business plans of the NRFC
- c. support the risk management framework of the NRFC; and equitably and responsibly reward employees, having regard to the performance of the NRFC, individual performance and statutory and regulatory requirements, and
- d. consider guidance provided by the Australian Government as appropriate.

1.2 Authority

The Committee is a committee of the NRFC Board (Board) established in accordance with section 48 of the *National Reconstruction Fund Corporation Act 2023* (**NRFC Act**) and is authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the responsibilities set out in this Charter and under any separate resolutions of the Board granted to it from time to time.

2. Role of the Committee

The role of the Committee is to assist the Board to discharge its corporate governance responsibilities through:

- a. the oversight of people and strategies to foster quality management practices
- b. the setting of key performance measures for the Chief Executive Officer (**CEO**) and the review of the CEO's performance in consultation with the Chair of the Board
- c. oversight of executive and employee remuneration and benefits, policies and programs (once developed and approved) to recognise contributions to the NRFC by employees and to reward these appropriately
- d. oversight of other employee policies and procedures (once developed and approved), and
- e. compliance with applicable laws and regulations.

3. Committee responsibilities

3.1 Oversight of the People and Culture strategy

The Committee is responsible for:

- a. making recommendations to the Board for approval of human resources policies and other specified policies within the Committees area of responsibility based on the Committee's review and assessment of them
- b. overseeing the establishment and maintenance of effective human resources, performance management and remuneration systems
- c. reviewing and assessing:
 - i. the talent management and succession planning strategies
 - ii. the capability needed to support the attainment of the strategic goals of the business, and
 - iii. the Employee Value Proposition strategy (once developed and approved) and its alignment and success in meeting the strategic goals of the business.

3.2 Appointment of the Executive team

The Board is responsible for the appointment, management and termination of the CEO. Otherwise the Committee is responsible for:

- a. making recommendations to the Board in relation to the effectiveness of the CEO and Executive team, and
- b. reviewing the CEO and Executive team succession plans and processes with a focus on maintaining an appropriate balance of skills, experience and expertise.

3.3 Executive team performance and remuneration

The Committee is responsible for making recommendations to the Board on:

- a. the policy on remuneration for the CEO and the Executive team
- b. strategic objectives relevant to the remuneration of the CEO and the Executive Team, and the performance of the CEO (and the Executive Team in consultation with the CEO) in light of these objectives
- c. the remuneration package for the CEO (including base pay and superannuation), any changes to the remuneration package and recommending performance payments after evaluating the CEO's performance against criteria set out in the NRFC's remuneration policy (once developed and approved), and.
- d. the total remuneration packages for members of the Executive Team (including base pay, incentive payments and superannuation), any changes to remuneration packages and recommending proposed awards after evaluating their performance against criteria set out in

the NRFC's remuneration policy (once developed and approved) and after consideration of any recommendations by the CEO in relation to their direct reports.

3.4 Employee remuneration

The Committee will be responsible for:

- a. making recommendations to the Board on the size of the incentive pool (if any) as part of the annual budget estimates of the NRFC based on consideration of pre-determined business performance indicators and the financial soundness
- b. updating the Board on any major changes in employee benefit structures throughout the NRFC
- c. reviewing and confirming the methodology used to assess employee performance, remuneration and associated benefits including any short-term incentives
- d. reviewing annually the remuneration trends across the NRFC, including gender pay equity, and
- e. reviewing the areas of risk identified by management in the administration of remuneration policies and procedures assuring itself that management are effectively controlling the risks.

3.5 Committee member remuneration

The Committee will make recommendations to the Board in relation to whether Board committee members who are not members of the Board are to be remunerated and/or paid allowances in relation to their committee membership, and if so, the quantum and nature of any such remuneration and/or allowances.

3.6 Liaising with Board Committees

The Committee will liaise with the Audit and Risk Committee in relation to the NRFC remuneration related budgeting and reporting in the financial statements, annual report and any other financial reports required under the PGPA Act, the NRFC Act or any applicable laws.

4. Code of Conduct and Policies

4.1 Code of Conduct and Policies

The Committee is responsible for oversight of the NRFC Code of Conduct.

Committee members will abide by the Board approved Code of Conduct and all other relevant Board approved policies.

4.2 Conflicts of interest

The NRFC Conflicts of Interest (**COI**) Policy provides detail regarding the procedures for Committee members to manage COI disclosures. Specifically, a Committee member must, in accordance with

the PGPA, give other Committee members notice of any material personal interest in a matter that relates to the affairs of the NRFC¹.

A Committee member, who has a material personal interest in a matter that is being considered at a committee meeting (**Interested Member**) must, in accordance with the PGPA Act:

- a. not be present while that matter is being considered at the meeting, or
- b. vote on the matter,

unless the other Committee members approve the Interested Member to be present and vote.

5. Committee membership

5.1 Composition of the Committee

The Committee will consist of at least three members.

The Committee may be constituted wholly or partly by Board members or wholly by persons who are not Board members.²

For Committee members who are Board members, their period of appointment will align with their respective Board appointment term, unless appointment ceases earlier. Appointments are decided and periodically reviewed by the Board.

5.2 Chair of the Committee

The Chair is appointed by the Board.

The Chair must preside at all meetings at which they are present. If the Chair is not present at a Committee meeting, the other members present must appoint one of themselves to preside.

5.3 Committee Secretary

The Committee will be supported by the Company Secretary. The Company Secretary will act as the Committee Secretary.

The Committee Secretary may delegate any of the responsibilities of the Committee Secretary set out in this Charter to the Corporate Secretariat team.

6. Committee meetings and process

6.1 Convening meetings

The Committee will meet as frequently as necessary to undertake its roles effectively.

The Chair is vested with the authority to convene meetings of the Committee, must convene at least four meetings each calendar year and if requested by any member of the Committee, the Chair of the Board or an NRFC employee who is responsible for the management of People & Culture).

¹ Also see section 14, PGPA Rule.

² See Section 48, NRFC Act.

6.2 Quorum

Two members constitute a quorum for meetings of the Committee.

6.3 Decision-making

A question arising at a meeting is to be determined by a majority of the votes of the Committee members present and voting, noting a preference for unanimous approval and the requirements for a quorum in clause 6.2 above.

The Chair or other person presiding at a meeting has a deliberative vote and in the event of an equality of votes a casting vote.

6.4 Attendance

- a. It is intended the CEO will attend each meeting.
- b. A standing invitation will be issued to the individuals responsible for the management of People & Culture within the NRFC to attend all or part of any meeting of the Committee, and
- c. the Committee Chair may also invite members of the Executive team, external advisors or any other person from time to time to attend all or part of any meeting of the Committee.

In all instances above, this is subject to exclusion from all or any part of the meeting as deemed appropriate by the Chair from time to time.

Any Board Member who is not a member of the Committee will have a standing invitation, but not an obligation, to attend meetings of the Committee.

No Executive team member may be in attendance while their remuneration is under consideration.

Committee members (and invitees) may participate in meetings by telephone or any other means of communication. A Committee member who participates in such a way is taken to be present at the meeting and to form part of any quorum for the meeting.

6.5 Agenda and documents

The Chair will determine the meeting agenda after consultation with the People & Culture executive, the Committee Secretary and such other person as the Chair considers appropriate.

The Committee Secretary will distribute the agenda and any related documents to all Committee members and other attendees (where notified) before each proposed meeting.

6.6 Minutes

The Committee Secretary shall keep minutes of its meetings. The role of minute taker can be delegated to a person as determined by the People & Culture executive.

The minutes will be tabled for acceptance at the next Committee meeting. The Chair, or delegate, will table the Committee's meeting minutes at the next available NRFC Board Meeting, making recommendations to the Board for decision as appropriate.

6.7 Circular resolutions

The Committee may consider and make a decision on any matter without a meeting if all of the Committee members entitled to vote on the proposed decision are provided with the proposed resolution and a simple majority of those Committee members entitled to vote (**Majority**) sign a document containing a statement that they are in favour of the resolution set out in the document. The document may be signed in counterparts (including by electronic means) and the resolution is passed when the last Committee member entitled to vote that constitutes a Majority signs the document.

If a decision is made in accordance with the above procedure, the Committee is taken to have made a decision at a meeting.

The Committee must notify all Committee members following a resolution being passed and keep a record of all decisions made without a meeting.

7. Access to advisers

Each member of the Committee may engage counsel, accountants and/or other experts, at the expense of the NRFC, as it considers appropriate to assist the Committee discharge its duties and responsibilities. Any member of the Committee seeking external advice must consult with the Chair of the Board, CEO and/or Company Secretary who will facilitate obtaining that external advice. The policy of the Board and the Committee is that external advice will be made available to all members of the Board and Committee, unless the Chair of the Board determines otherwise.

8. Committee performance evaluation

The Board will review the performance of the Committee from time to time as it deems appropriate but in any event no less than annually.

The result of the evaluation should identify, if relevant, any duties that the Committee has done well and / or failed to perform and where relevant the remedial action that it has taken or proposes to take.

9. Review

The Committee will periodically review this charter, but in any event no less than once annually, to assess whether it remains relevant to the current needs of the Committee and report to the Board whether changes are required. The Charter may be amended by resolution of the Board.