



MALABAR COAL LIMITED ABN 29 151 691 468 (COMPANY)

Nominations and Remuneration Committee Charter

DATE: Wednesday, 17 April 2019

F. Nominations and Remuneration Committee Charter

F. 1 Committee Members

The Board has established a Nominations and Remuneration Committee. The Nominations and Remunerations Committee should be, so far as is practicable given the size of the Company, comprised of the following:

- (a) a minimum of two members;
- (b) an independent director;
- (c) other persons appointed from time to time by the Board.

Members of the Nominations and Remuneration Committee are:

- (1) Mr Wayne Seabrook
- (2) Mr Tony Galligan
- (3) Mr Brian Beem

F. 2 Purpose

- (a) The Nominations and Remuneration Committee Charter (the Charter) sets out the role, responsibilities, composition, authority and membership requirements of the Nominations and Remuneration Committee (Committee) of the Company.
- (b) Key features of the Charter will be outlined in the Annual Report. The Charter is available to shareholders of the Company upon request.

F. 3 Definition and Objectives of the Committee

- (a) The Nominations and Remuneration Committee (Committee) is a Committee of the Board.

Nominations Related

- (b) The Committee is responsible for assisting the Board in relation to the appointment of members to the Board and of Management (including, without limitation, the chief executive officer, chief financial officer and chief operating officer (to the extent that the Company has or requires such positions)), and for the review of the performance of such persons.
- (c) The Committee shall discharge its responsibility by:
 - (1) developing criteria for seeking and reviewing candidates for a position on the Board, including by implementing processes to assess the necessary and desirable skill sets of the Board members including experience, expertise, skills and performance of the Board and the Committees;
 - (2) identifying suitable candidates for appointment to the Board or senior management positions from diverse backgrounds;
 - (3) reviewing appropriate applications for positions of the Board and recommending individuals for consideration by the Board;
 - (4) recommending procedures, including but not limited to strategies to address board Diversity and increasing the proportion of women in the Company, for adoption by the Board for the proper oversight of the Board and senior management;
 - (5) ensuring that such procedures, once adopted, are implemented such that the performance of each member of the Board and of senior management is reviewed and assessed each year in accordance with the procedures;
 - (6) annually review the composition of each Committee and present recommendations for Committee memberships to the Board;

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- (d) The Committee is responsible for reviewing the remuneration policies and practices of the Company and making recommendations to the Board in relation to:

(1) executive remuneration and incentive plans:

- (A) including, but not limited to, pension and superannuation rights and compensation payments and any amendments to that policy proposed from time to time by Management;
- (B) review of the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs;
- (C) consideration of whether to seek shareholder approval of the executive remuneration policy;
- (D) overseeing the implementation of the remuneration policy; and
- (E) review and approval of the total proposed payments from each executive incentive plan; and
- (F) preparing for consideration by the Board, the report to shareholders to be put to shareholders at the Annual General Meeting and to be incorporated into the Annual Report.

In respect of such executive remuneration, review the competitiveness of the Company's executive compensation programmes to ensure:

- (G) the programmes are attractive, with a view to ensuring the retention of corporate officers;
- (H) the motivation of corporate officers to achieve the Company's business objectives; and
- (I) the alignment of the interests of key leadership with the long-term interests of the Company's shareholders.

(2) the remuneration packages for Management, Directors and the Managing Director (if any):

- (A) consider and make recommendations to the Board on the entire specific remuneration for each individual of Management (including fixed pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy; and
- (B) consider whether shareholder approval will be required.

(3) non-executive Director remuneration:

- (A) in developing the structure, consider the following:
 1. non-executive directors should normally be remunerated by way of fees (in the form of cash, non-cash benefits, superannuation contributions or equity);
 2. non-executive directors should not participate in schemes designed for the remuneration of executives; and
 3. non-executive directors should not receive options or bonus payments or retirement benefits (other than statutory superannuation);
- (B) ensure that the fees for non-executive members of the Board are within the aggregate amount approved by shareholders;
- (C) overview the application of the Retirement Allowance for non-executive members of the Board;

(4) the Company's recruitment, retention and termination policies and procedures for senior management;

(5) remuneration by gender;

(6) incentive plans and share allocation schemes:

- (A) review and approve the design of all equity-based plans;

- (B) keep all plans under review in light of legislative, regulatory and market developments;
 - (C) for each equity-based plan, determine each year whether awards will be made under that plan;
 - (D) ensure that the equity based executive remuneration is made in accordance with the thresholds set in plans approved by shareholders;
 - (E) review and approve total proposed awards under each plan;
 - (F) in addition to considering awards to executive Directors and direct reports to the Managing Director (if any), review and approve proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee; and
 - (G) review, approve and keep under review performance hurdles for each equity-based plan;
- (7) superannuation arrangements; and
 - (8) remuneration of members of other Committees of the Board; and
- (e) Membership of the Committee will be disclosed in the Annual Report.

F. 4 Remuneration Policies

- (a) The Committee should design the remuneration policy in such a way that it:
 - (1) motivates directors and management to pursue the long-term growth and success of the Company within an appropriate control framework; and
 - (2) demonstrates a clear relationship between key executive performance and remuneration; and
- (b) In performing its role, the Committee is required to ensure that:
 - (1) the remuneration offered is in accordance with prevailing market conditions, and that exceptional circumstances are taken into consideration;
 - (2) contract provisions reflect market practice; and
 - (3) targets and incentives are based on realistic performance criteria.
- (c) The Committee will also:
 - (1) overview the application of sound remuneration and employment practices across the Company; and
 - (2) ensure the Company complies with legislative requirements related to employment practices.

F. 5 Remuneration Approval

The Committee must approve the following prior to implementation:

- (a) changes to the remuneration or contract terms of Executive Directors and direct reports to the Managing Director (if any);
- (b) the design of new, or amendments to current, equity plans or executive cash-based incentive plans;
- (c) total level of award proposed from equity plans or executive cash-based incentive plans; and
- (d) termination payments to Executive Directors or direct reports to the Managing Director (if any), including consideration of early termination, except for removal for misconduct, termination payments to other departing executives should be reported to the Committee at its next meeting.

F. 6 Reporting

- (a) Proceedings of all meetings are to be minuted and signed by the Chairperson;

- (b) The Committee through its Chairperson is to report to the Board at the earliest possible Board meeting after the Committee meeting. Minutes of all Committee meetings are to be circulated to the Board. The report shall include but is not limited to:
- (1) the minutes of the Committee meetings and any formal resolutions;
 - (2) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action; and
 - (3) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter
 - (4) procedures for, and factors taken into account in, the selection and appointment of proposed Board and senior management representatives and for the monitoring of the performance of Board and senior managers including whether the Company has developed any board skills matrix to identify any 'gap' in the skills and experience of the directors on the board and whether any professional intermediaries are used to identify and/or assess candidates;
 - (5) the steps taken to ensure that a diverse range of candidates is considered;
 - (6) recommendation for the appointment or removal of a Board member or senior manager;
 - (7) any determination by the Committee relating to the independence of a proposed Board member;
 - (8) assessment of the performance of any Board member or senior manager;
- Remuneration Related**
- (9) information about the review process undertaken by the Committee;
 - (10) an assessment of:
 - (A) executive remuneration and incentive plans;
 - (B) remuneration packages for senior management, directors and the Managing Director (if any);
 - (C) non-executive director remuneration;
 - (D) remuneration by gender;
 - (E) the Company's recruitment and retention and termination policies and procedures for senior management;
 - (F) incentive plans and share allocation schemes;
 - (G) superannuation arrangements;
 - (H) remuneration of members of other Committees of the Board;
 - (11) recommendations for setting remuneration levels for directors, senior managers and Committees;
- (c) In addition, the Chairperson of the Committee must submit an annual report to the Board (at the Board meeting at which the year-end financial statements are approved), summarising the Committee's activities during the year. The report (and where appropriate, any interim report) must include:
- (1) a summary of the Committee's main authority, responsibilities and duties;
 - (2) biographical details of the Committee's members, including expertise, appointment dates, and terms of appointment;
 - (3) details of meetings, including the number of meetings held during the relevant period and the number of meetings attended by each member;
 - (4) details of any change to the Independent status of each member during the relevant period, if applicable; and

- (5) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter.

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- (6) details of the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board;
- (7) details of the policies introduced to address board and employee Diversity, including but not limited to strategies to increase the proportion of women at all levels of the Company;
- (8) the measurable objectives that are, or will be, set by the board to achieve gender diversity in accordance with the Diversity Policy and progress towards achieving them;
- (9) explanation of any departures from best practice Recommendations 3.2, 3.3, 3.4 and 3.5 of the *Corporate Governance Principles and Recommendations*;
- (10) details of the proportion of women employees in the whole organisation, women in senior executive positions and women on the board; and
- (11) details of any determination or recommendations made by the Committee in performing its functions under Section F. 3.

F. 7 Meetings

- (a) Despite the Standing Rules, there is no requirement that the Committee meet a set number of times or intervals during a year. Rather, the Committee will meet at such intervals as required to fulfil its obligations.
- (b) In addition, the Chairperson is required to call a meeting of the Committee if requested to do so by any Committee member, the internal (if any) or external auditors, the Chairperson of the Board or other Board member.
- (c) The Committee shall have access to employees of the Company and appropriate external advisers. The Committee may meet with these external advisers without Management being present.
- (d) The Committee may also seek input from individuals on remuneration policies but no individual should be directly involved in deciding his/her remuneration.

F. 8 Attendance at Meetings

- (a) Other Directors (executive and non-executive) have a right of attendance at meetings.
- (b) However, no Board Director is entitled to attend that part of a meeting at which:
 - (1) the remuneration of that Director or a related party of that Director is being discussed; or
 - (2) an act or omission of that Director or a contract, arrangement or undertaking involving or potentially involving that Director or a related party of that Director is being investigated or discussed.
- (c) Notwithstanding clause F. 8(b), if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested Director, the Committee may invite that Director to address the Committee. The Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.

F. 9 Access

- (a) The Committee shall have unlimited access to the external and internal auditors (if any), and to senior management of the Company and any subsidiary. The Committee shall also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees shall be instructed by the Board to co-operate fully in provision of such information.
- (b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the

Committee consulting an independent expert will be borne by the Company.

F. 10 **Standing Rules**

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms of this Charter.