



## Rakon Limited

### People Committee Charter

#### Establishment of the People Committee

This Charter sets out the basis on which the Board has established a People Committee pursuant to the authority contained in, and subject to the provisions of, the Constitution.

#### Objectives

The objective and purpose of the People Committee is to assist the Board in establishing coherent human resources, remuneration and Director nomination policies and practices which:

1. Enable the Company to attract, retain and motivate employees, executives and Directors who will create value for shareholders.
2. Assist the Board in fulfilling its responsibility to shareholders in ensuring that the Board is composed of Directors who contribute to the successful management of the Company and discharge their duties under the law diligently and efficiently.
3. Fairly and responsibly reward executives having regard to the performance of the Company, the performance of the executive and the general remuneration environment.
4. Comply with the provisions of the NZX Listing Rules and any other relevant legal requirements.

#### Authority, Duties and Responsibilities in relation to Human Resources and Remuneration Matters

Specifically, the People Committee has the authority, duty and responsibility in relation to remuneration and human resources matters to:

1. Review the overall human resources strategy and monitor its implementation.
2. Ensure that the Company has a formal and transparent method to recommend Director remuneration packages to shareholders.
3. Review the Company's remuneration policies, including policies relating to:
  - a. parameters used in determining salary scales;
  - b. executive remuneration including remuneration packages for senior management;
  - c. the structure of remuneration of executive Directors, non-executive Directors, the Chair of the Board and Board Committee members;

- d. the design of executive incentive and equity based plans;
  - e. employee recruitment, retention and termination.
4. Monitor the Company's remuneration policies:
- a. for non-executive Directors whereby non-executive Directors receive remuneration by base fees without options or bonus payments or retirement benefits; and
  - b. for non-executive Directors whereby a portion of remuneration is paid under an equity security compensation plan.
5. Make recommendations to the Board regarding these policies.

## **Authority Duty and Responsibilities in relation to Chief Executive and Senior Management**

Specifically, the People Committee has the authority, duty and responsibility in relation to remuneration and human resources matters to:

1. Review and make recommendations to the Board on the terms of employment of the Chief Executive as and when required by the Board.
2. Review and make recommendations to the Board on the remuneration of the Chief Executive, including the balance between fixed and variable remuneration, short and long-term incentives, reimbursable expenses and all other entitlements and benefits arising for the Chief Executive's employment.
3. Support the Chair of the Board in the review of the Chief Executive's performance including the level of achievement and attainment of the Chief Executive's short and long-term (if any) performance objectives and targets.
4. Review with the Chief Executive, the Chief Executive's determination of executives' remuneration and setting and evaluation of performance objectives.

## **Authority, Duties and Responsibilities in relation to Director Nominations Matters**

Specifically, the People Committee has the authority, duty and responsibility in relation to director nominations matters to:

1. Ensure that the Company has formal and transparent procedures for the selection and appointment of new Directors to the Board and relevant succession plans.
2. Develop and implement a plan and skills matrix for identifying and assessing Director competencies.

3. Identify individuals who are qualified to become Board members, taking into account a variety of factors, including, but not limited to:
  - a. the range of skills currently represented on the Board;
  - b. the skills, expertise, experience (including commercial and/or industry experience) and particular qualities that make an individual suitable to be a Director of the Company; and/or
  - c. the individual's understanding of accounting, finance and legal matters.
4. Ensure that Directors are selected through a proper procedure administered by the People Committee, which includes:
  - a. proper checks (e.g. as to the Director's character, experience, education, criminal record and bankruptcy history);
  - b. the provision of key information about a Director (i.e. their biographical details, relevant skills and experience, any other material directorships they hold) to shareholders to assist their decision as to whether or not to elect or re-elect the Director, and
    - i. if the Director is standing for the first time, any material adverse information revealed by the checks the Company has performed; or
    - ii. if the Director is being re-elected, information about the term of office served by the Director.
5. Ensure that all material information regarding a Director, including negative information, is provided to the People Committee if the Director is being elected by the Board.
6. Ensure that the Company has formal and transparent procedures for the review of the performance of the Board, individual Directors and Board's committees.
7. Make recommendations for the appointment and removal of Directors and members of the Board's committees.
8. Ensure that the Company has in place programmes for the effective induction of new Directors including any appropriate site tours, sessions with key employees, product reviews and reviews of strategic and business plans.
9. Ensure that the Company has policies regarding the ongoing training and upskilling of existing Directors which complies with the NZX's requirements regarding Director training;
10. Review, on an ongoing basis, the time commitment that the role of non-executive Directors requires, and whether the non-executive Directors are meeting this requirement.

11. Review, on an ongoing basis, the structure of the Board, its committees and their interrelationship; and
12. Address any other authorities, duties and responsibilities which have been assigned to the Committee from time to time by the Board.

The People Committee is authorised by the Board to investigate any activity within its Charter.

The People Committee will make recommendations to the Board on all matters requiring a decision.

### **People Committee Composition**

1. The People Committee shall consist of at least three members, each of whom will be appointed by the Board.
2. All of the members of the People Committee shall be Directors of the Company. A majority of the members must be independent Directors.
3. The members of the People Committee shall elect one of their members who is an independent Director to be the Chair of the People Committee. In that person's absence, any member may chair a meeting of the People Committee.
4. The People Committee may invite such others to attend Committee meetings, as it considers appropriate. The secretary of the People Committee shall be the Company Secretary.

### **Meetings and procedure**

1. The People Committee will meet as frequently as required.
2. A quorum for a meeting of the People Committee is two members.
3. The dates, times and venues of each meeting of the People Committee will be notified to all members as far in advance as possible. Supporting papers will be sent to members as far in advance as possible.
4. Proceedings of the People Committee will be governed by the provisions of the Constitution, in so far as they are applicable.
5. The People Committee shall ensure that minutes of its meetings are kept and provide the minutes of each of its meetings to the Board for the Board's next full meeting subject to regard for privacy matters.

**Consultation and Conflict**

- 1. The People Committee shall have unrestricted access to executive management, to all employees, to company records and to financial or legal advisers.
- 2. No member of the Committee will participate in the review of his or her own performance.

**Reporting**

The Chair of the People Committee (or a person nominated by the People Committee for that purpose) must report to the Board on the People Committee’s proceedings following each meeting on all matters relevant to the Committee’s duties and responsibilities, including:

- 1. An assessment of human resources and remuneration policies and strategy.
- 2. Advice on Directors’ remuneration.
- 3. Advice on Chief Executive’s remuneration and terms of employment when relevant.
- 4. Advice on matters in relation to appointment, induction and rotation of Directors
- 5. All matters requiring approval of the Board.

The Chair of the People Committee must be available at the Annual Shareholders’ Meeting to respond to any shareholders’ questions on the People Committee’s activities and areas of responsibility.

**Reporting from Management**

The People Committee should receive appropriate and regular reporting from management in relation to human resources, health and safety and remuneration processes and procedures and parent and subsidiary company legislative compliance in relation to these matters.

**Review**

The People Committee must conduct an annual review of its performance and effectiveness, inviting comments from all members of the Board. It must recommend to the Board any suggested changes in the duties and responsibilities of the People Committee and the terms of this Charter.

<b>Date of last Review</b>	<b>March 2019</b>
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