

**AUSTRALIAN VINTAGE LIMITED**  
**REMUNERATION AND NOMINATION COMMITTEE**  
**TERMS OF REFERENCE AND CHARTER**

**BACKGROUND**

**Remuneration Function**

It is generally accepted in Australian listed companies that companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors.

In order to avoid potential conflicts of interest, boards of directors should set up remuneration committees of independent non-executive directors to make recommendations to the board, within agreed terms of reference.

As with most aspects of Corporate Governance, the above stated principle makes it clear that not only should companies go through a formal process of considering executive remuneration, but they must be seen to be doing so in a fair and thorough manner. It is, therefore, essential that the Remuneration Committee is properly constituted with a clear ambit and identified authority.

The Committee should be made up 'exclusively of non-executive directors who are independent of management'.

It is the Company Secretary's responsibility on behalf of the Board to ensure that the Board and its Committees are properly constituted and advised. There also needs to be a clear coordination between the main Board and the various Committees where the Company Secretary would normally act as intermediary.

**Nomination Function**

It is generally accepted in Australian listed companies that companies should establish a formal and transparent procedure for the appointment of new directors to the board.

The procedure should incorporate ways of identifying the skills needed for the fulfilment of the requirements of membership of the Board and those individuals who might best provide them. As with most aspects of Corporate Governance, however, the company must be seen to be doing so in a fair and thorough manner. It is, therefore, essential that a Nomination Committee be properly constituted with a clear charter and identified authority.

The majority of members of a Nomination Committee should be non-executive directors. The Company Secretary should act as Secretary to the Committee. It is the Company Secretary's responsibility to ensure that the Board and its Committees are properly constituted and advised. There also needs to be a clear coordination between the main Board and the various Committees where the Company Secretary would normally act as intermediary.

The Committee must meet at least once each year prior or close to the year-end if only to consider whether or not directors retiring by rotation or reaching a pre-determined age limit or otherwise should be put forward for re-appointment at the next the Annual General Meeting ('AGM').

### **MEETINGS OF COMMITTEE**

The Committee must meet at least once each year.

At this meeting the Committee should prepare a Remuneration Report which is required to be included in the company's Annual Report.

The Chairman of the Remuneration Committee must attend the Annual General Meeting and be in a position to respond to any questions which may be raised by shareholders on the Committee's report or other matters within the Committee's area of responsibility.

# AUSTRALIAN VINTAGE LIMITED

## CHARTER FOR REMUNERATION AND NOMINATION COMMITTEE

### Definitions

Where herein appearing the following terms shall have the following meanings:

**'Board'** means the full Board of Directors of the Company from time to time.

**'Committee'** means the Remuneration and Nomination Committee constituted by the Board as a committee of the Board from time to time. At the date of this Charter the Committee consists of:

- Naseema Sparks (Chairman)
- Richard Davis
- Peter Perrin

**'Company'** means Australian Vintage Limited ACN 052 179 932.

### 1. Membership

1.1 The Committee shall comprise at least two members, each of whom shall be appointed by The Board.

1.2 All members of The Committee shall be non-executive directors who are independent of management and free from any relationship which could interfere with the exercise of their independent judgement in respect of the remuneration of those whose remuneration will be subject of determinations or recommendations by the Committee.

1.3 The Board should appoint the Committee Chairman.

1.4 The Committee Chairman shall hold office until such time as his/her position is determined by the Board.

### 2. Secretary

The Company Secretary or their nominee shall act as the Secretary of The Committee.

### 3. Quorum

3.1 The quorum necessary for the transaction of business shall be one less than the total number of Committee members at that time.

3.2 A duly convened meeting of The Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested or exercisable by The Committee.

### 4. Meetings

4.1 The Committee shall meet not less than once a year on a date or dates to be set by the Chairman.

4.2 Dates shall be set so as to maximise the number of members who are able to attend meetings.

- 4.3 Meetings shall where possible be held either immediately before or immediately after Board meetings at the same location in order to minimise travel requirements.

## **5. Notice of Meetings**

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman or any member.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend no fewer than three (3) working days prior to the date of the meeting.
- 5.3 The Chief Executive Officer shall have the right to attend and speak at meeting of the Committee.
- 5.4 Other persons of the Committee's choice may be called upon or shall be able to speak by the Committee.

## **6. Minutes of Meetings**

- 6.1 The Secretary shall minute the proceedings, issues raised and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated to all members of the Committee and to all members of The Board.

## **7. Annual General Meeting**

The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on The Committee's activities.

## **8. Duties of the Committee - Remuneration**

The Committee shall:

- 8.1 determine and agree with the Board the framework or broad policy for the Remuneration of the company's or group's Chief Executive Officer, the Chairman of the company and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the shareholders in General Meeting;
- 8.2 in determining such policy, take into account all factors which it deems necessary. The objective of this policy is to ensure that members of the executive management of the company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company;
- 8.3 review the Remuneration Policy annually to ensure compliance with ASX Listing Rules and best practice;
- 8.4 advise the Board as to a recommended remuneration for the Chief Executive Officer;

- 8.5 determine targets for any performance related pay schemes operated by the company;
- 8.6 within the terms of the agreed policy, determine the total individual remuneration package of each executive manager including, where appropriate, bonuses, incentive payments and share options;
- 8.7 determine the policy for and scope of superannuation arrangements, service agreements for the executive management team, termination payments and compensation commitments;
- 8.8 in determining such recommendations and carrying out its functions have regard for relevant ASX Listing Rules and Company policies, including without limitation the Company's Continuous Disclosure Policy;
- 8.9 oversee any major changes in employee benefit structures throughout the company or group;
- 8.10 ensure that provisions regarding disclosure of remuneration including superannuation are fulfilled;
- 8.11 produce an annual report of the Committee's remuneration policy which will form part of the company's Annual Report and Accounts; and
- 8.12 report to the Board on any recommended material changes to the senior management recruitment, retention and termination policies.

The Committee may:

- 8.13 liaise with the Audit Committee to ensure compliance with corporate governance remuneration disclosure requirements.

## **9. Duties of the Committee – Director and Board Nomination**

9.1 The Committee shall:

- (a) regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- (b) from time to time assess the skills required by the Board and assess the extent to which the skills required are represented by the Board;
- (c) be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise, having regard to the skills, expertise and experience of the nominee;
- (d) keep under review the leadership needs of the organisation at all levels with a view to ensuring the continued ability to compete effectively in the organisation's marketplace;
- (e) keep up to date and fully acquainted with strategic issues and commercial changes affecting the company and the market in which it operates;

- (f) annually evaluate the Board Performance Measurement policies to ensure they are relevant to the Company and in compliance with any applicable laws and best practice policies; and
- (g) ensure substantial compliance with Company guides on the content of a director's letter of appointment.

9.2 The Committee shall also make recommendations to The Board:

- (a) as regards plans for succession, in particular, of the Chairman and the Chief Executive;
- (b) as regards the re-appointment of any non-executive director at the conclusion of his or her specified term of office;
- (c) for the continuation (or not) in service of any director who has reached the age of seventy (70);
- (d) concerning the re-election by shareholders of any director under the 'retirement by rotation' provisions in the company's articles of association;
- (e) concerning any matters relating to the continuation in office as a director of any director at any time; and
- (f) concerning the appointment of any director to executive or other office other than to the positions of Chairman and Chief Executive, the recommendation for which would be considered at a meeting of:
  - (i) all the non-executive directors regarding the position of Chief Executive; and
  - (ii) all the directors regarding the position of Chairman.

9.3 The Committee shall report to the Board on any issues or recommendations regarding its nomination responsibilities. Such a report may be in the form of the minutes of each Committee meeting.

## **10. Authority**

10.1 The Committee is authorised by the Board to seek any information it requires from any employee of the company in order to perform its duties.

In connection with its duties the Committee is authorised by the Board to obtain, at the company's expense, any outside legal or other professional advice including the advice of independent remuneration consultants, to secure the attendance of external advisers at its meetings if it considers this necessary, and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.