

Governance, Compensation and Nomination Committee Charter

1. Purpose

The Governance, Compensation and Nomination Committee (*Committee*) of the Board of Directors (*Board*) of National Roads and Motorists' Association Limited (*NRMA*) has been established in accordance with NRMA's constitution (*Constitution*).

The Committee has been established to assist the Board in matters relating to:

- a) the remuneration strategy of NRMA and its subsidiaries (*NRMA Group*);
- b) remuneration arrangements for Directors, the Group CEO and the executive direct reports to the Group CEO (*Direct Reports*);
- c) performance-linked incentive schemes for the Group CEO and Direct Reports and the opening of the incentive pool under the performance-linked incentive scheme for applicable NRMA Group employees;
- d) payments to the Group CEO and Direct Reports that are outside the remuneration strategy and performance-linked incentive schemes;
- e) performance reviews of the Board, Board committees, individual Directors and the Group CEO;
- f) Board and Board committee composition, including the skills and experience required;
- g) Director elections;
- h) succession plans for the Board, Group CEO and Direct Reports;
- i) the culture of the NRMA Group; and
- j) the corporate governance structure of the NRMA Group and the Constitution,

(*Committee's Purpose*).

The Board delegates to the Committee the powers and authority set out in this Governance, Compensation and Nomination Committee Charter (*Charter*). The Board may make other delegations to the Committee from time to time.

This delegation supersedes the Governance, Compensation and Nomination Committee Charter approved by the Board on 14 December 2016.

2. Scope of Authority

The scope of the Committee's delegated powers and authority is set out in this Section 2.

2.1 Remuneration

- a) **The Committee has authority to consider and recommend to the Board for approval:**
 - i. the NRMA Group's remuneration strategy following consultation with the Group CEO;
 - ii. the structure of the Group CEO performance-linked incentive scheme;
 - iii. the structure of the Direct Report performance-linked incentive scheme, following consideration of the recommendations from the Group CEO;
 - iv. material changes to superannuation arrangements, including a change of default fund for employer superannuation guarantee obligations;

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- v. the terms of the Group CEO's contract of employment (including remuneration terms), and any variation to such terms;
- vi. any payments (including termination payments) to the Group CEO not provided for under the terms of the Group CEO's contract of employment or approved incentive schemes;
- vii. any payments to Direct Reports that are outside the approved remuneration strategy; and
- viii. the fees for directors of NRMA (*Directors*), including any proposed increase in the Maximum Base Remuneration that the Board should recommend to members for approval, taking into account the relevant provisions of NRMA's Constitution.

- b) **The Committee has authority to review:**
 - i. the half-year and full-year performance of the Group CEO; and
 - ii. the half-year and full-year performance of the Direct Reports, following consultation with the Group CEO.
- c) Having regard to the performance reviews conducted under Section 2.1(b) above (as applicable), **the Committee has authority to consider and approve:**
 - i. the targets for the Group CEO under the performance-linked incentive scheme and the incentive payment to the Group CEO under the approved performance-linked incentive scheme;
 - ii. the annual remuneration of the Direct Reports, following consultation with the Group CEO;
 - iii. the targets for the Direct Reports under the performance-linked incentive scheme and the incentive payment to the Direct Reports under the approved performance-linked incentive scheme, following consideration of the recommendations from the Group CEO; and
 - iv. the opening of the incentive pool under the performance-linked incentive scheme for the applicable NRMA Group employees, following consideration of the recommendations from the Group CEO.
- d) In exercising any power or authority referred to in Section 2.1(a) or 2.1(c) above, **the Committee must (as applicable) consider:**
 - i. market rates, industry trends, benchmarking and 'best practice' principles for the remuneration of Directors, Group CEO and Direct Reports; and
 - ii. any independent experts' advice or recommendations.

2.2 Nomination

- a) **The Committee has authority to consider and recommend to the Board for approval:**
 - i. the level of experience, skills and personal qualities required in a person to fill the position of Group CEO, and the responsibilities and entitlements of such position;

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- ii. the mix of skills, experience, expertise and diversity required on the Board;
- iii. the shortlist of suitable candidates for the position of Group CEO, an Appointed Director and/or a director to fill a casual vacancy on the Board;
- iv. matters relating to the election of Member-elected Directors, including rules consistent with the Constitution for, or about, the conduct of the election of Member-elected Directors and any dates relating to that election, as required by the Constitution;
- v. the membership of all Board committees (including the chairs of such committees). This recommendation must be made periodically, including within two Board meetings following each election of Member-elected directors; and
- vi. the appointment or removal of the Company Secretary (including the terms of such appointment or removal, and any material variations to such appointment).

- b) **The Committee has authority to consider and approve** the engagement of the services of consultants to assist in the process of identifying suitable candidates for the position of Group CEO, an Appointed Director and/or a director to fill a casual vacancy on the Board, provided that such expenditure is within the Board-approved budget.

2.3 Succession Planning

- a) **The Committee has authority to consider and recommend to the Board for approval** succession plans for the Group CEO and the Board.
- b) **The Committee has authority to approve** succession plans for the Direct Reports, following consultation with the Group CEO.

2.4 Culture

- a) **The Committee has authority to consider and recommend to the Board for approval** the appropriate culture for the NRMA Group and the plan to achieve it.
- b) **The Committee has the authority** to monitor the implementation of the plan to achieve the appropriate culture for the NRMA Group and to report to the Board on the progress.
- c) In exercising any power or authority referred to in Section 2.4(a) and (b) above, **the Committee must consider** any relevant culture survey results, 'best practice' principles, and reports from regulators and government bodies.

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2.5 Governance

- a) **The Committee has authority to consider and recommend to the Board for approval:**
 - i. any changes to the overall governance structure or corporate structure of the NRMA Group, having regard to maintaining NRMA's corporate governance reputation and future corporate sustainability;
 - ii. any changes to the Constitution that the Board should recommend to members for approval; and
 - iii. any matter relating to the Directors' Code of Conduct.
- b) **The Committee has authority to consider and approve** the conduct of performance reviews for the Board, Board committees and individual Directors.
- c) **The Committee has authority to consider and recommend to the Board for approval** the actions to address any findings of performance reviews of the Board, Board committees and individual Directors.

2.6 Other Matters

In addition to the powers and authority set out in Sections 2.1 – 2.5 above:

- a) **The Committee has authority to consider and approve** any other matters relating to the Committee's Purpose as set out in Section 1 above, **provided that this Charter does not authorise the Committee to:**
 - i. approve any matter which the Committee only has the authority to recommend to the Board as set out in Sections 2.1-2.5 above;
 - ii. approve any expenditure, whether within or out of budget, except under Section 2.2(b);
 - iii. take any action or approve any matter that is not consistent with any strategies or policies approved by the Board; or
 - iv. take any other action that the Board has expressly reserved to itself from time to time.

2.7 Referral from Group CEO

- a) To the extent that a matter is within the delegated authority of the Committee under this Charter to approve and also within the Group CEO's delegated authority from the Board to approve, the Group CEO is not precluded from approving that matter.

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3. Sub-delegations

- b) However, the Group CEO may refer to the Committee any matter relevant to the Committee's Purpose, whether or not that matter is:
 - i. within the Group CEO's delegated authority from the Board (for example, where the Group CEO considers the matter should be referred to, or discussed with, the Committee); or
 - ii. outside of the Group CEO's delegated authority from the Board, (each a *Referred Matter*).
- c) In relation to any Referred Matter, **the Committee has authority to:**
 - i. **approve** that Referred Matter if the matter is within the scope of the Committee's approval powers under this Charter;
 - ii. **consider and make recommendations to the Group CEO** for approval by the Group CEO if the Referred Matter is within the Group CEO's delegated authority; or
 - iii. **otherwise, make recommendations to the Board** for approval.

The Committee has authority to sub-delegate to such persons (or categories of persons) as the Committee determines from time to time, the authority to execute, implement and/or finalise any matter that has been approved by the Committee pursuant to this Charter, on terms and conditions substantially in accordance with the Committee's approval.

4. No Limitation on Board's Power

- a) The delegation of authority under this Charter does not preclude the Board from exercising power or authority in relation to a matter that is within the Committee's delegated authority, if the Board so decides.
- b) In addition, the Committee may at any time, through the Committee Chair, refer any matter what is before the Committee to the Board for consideration (even if that matter falls within the Committee's authority under this Charter to approve).

5. Membership and Protocols

Membership of the Committee and the protocols and processes applying to the Committee and conduct of the Committee's business will be in accordance with the ***Protocol For NRMA Board Committees*** document.

6. Reporting and Accountability to the Board

The Committee is accountable to the Board for the exercise of the Committee's delegated authority under this Charter. The Committee will:

- a) make available copies of its minutes to the Board on request;
- b) report to the Board on the exercise by the Committee of its authority, including when that exercise has any budgetary impacts;
- c) through the Committee Chair, provide updates and make recommendations to the Board on matters that are within the scope of this Charter;
- d) through the Committee Chair, promptly bring to the attention of the Board any matters before the Committee that may materially impact on the financial condition or affairs of NRMA.

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7. Committee Performance and Charter Review

- a) The Committee will review its performance periodically, including to consider whether it is performing effectively and has met the terms of this Charter, and will report the outcome of the review to the Board.
- b) The Committee will review this Charter at least every two years to ensure it remains current to the needs and structure of NRMA, and recommend amendments to the Board for approval. This Charter may only be amended by a resolution of the Board.

Approved by NRMA Board on 29 November 2018