



# Nomination and Remuneration Committee Terms of Reference

Approved by the MZI Resources Ltd Board on 28 July 2017

# 1. Background

---

The Board Charter of MZI Resources Limited (“**MZI**” or the “**Company**”) identifies that the Board of MZI (“**Board**”) is responsible for fulfilling duties relating to the nomination and appointment of Directors and the remuneration of its Directors, Managing Director, and Senior Executives.

To assist the Board to meet its obligations under its Charter, and address all matters pertaining to Board nomination and to Board and Executive remuneration as recommended by the 3rd Edition of the ASX Corporate Governance Principles, together with its regulatory obligations, the Board of MZI has established a Nomination and Remuneration Committee (“**Committee**”) in accordance with Part 12.12 of the Company’s Constitution.

The Committee is accountable to the Board for its performance.

## 2. Purpose

---

**2.1** This document sets out the role, responsibilities, structure and processes of the Nomination and Remuneration Committee of the Board of MZI Resources Limited.

**2.2** The over-arching purpose of the Committee is to:

- ensure that the MZI Group of Companies (“MZI Group”) and related Boards comprise individuals who have the appropriate mix of skills and experience and are best able to discharge the responsibilities of Directors or representatives of MZI having regard to the law and aspiring to excellence in governance standards.
- assist the Board discharge its responsibility by overseeing the Nomination and Remuneration policies and practices of the MZI Group so that these policies and practices:
  - support the execution of the Company’s Business Strategy;
  - link rewards to the creation of value for shareholders;
  - apply demanding performance measures, including key financial and non-financial measures of performance;
  - attract and retain talent so as to achieve operational excellence;
  - fairly and responsibly reward individuals having regard to individual and Company performance and industry remuneration conditions;
  - are consistent with the Company’s approach with developing future leaders;

## 3. Roles and Responsibilities of the Committee

---

The specific roles and the responsibilities of the Nomination and Remuneration Committee are set out in Schedules 1 and 2 of this document.



## 4. Authority

---

- 4.1 The Committee acts as an advisory body to the Board and, unless otherwise determined or delegated by the Board, its power and authority is limited to making *recommendations* to the whole Board.
- 4.2 The Committee is authorized by the Board to review and consider any activity within its terms of reference and any additional matters as requested by the Board and is tasked with recommending to the Board appropriate actions emanating from its deliberations.
- 4.3 The Committee shall have unfettered access to personnel, records and senior management of the Company, as appropriate.
- 4.4 The Committee shall have direct access to the Company's resources as it may reasonably require to carry out its duties.
- 4.5 The Committee is authorised by the Board to obtain outside legal or other independent professional advice in respect of any matter relating to its terms of reference. It may also secure the attendance of outsiders with relevant experience and expertise, if it considers this necessary. The cost of such advice will be borne by the Company.
- 4.6 The Committee is responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any consultants who advise the Committee.
- 4.7 Each member of the Committee, with the consent of the Committee Chairman and the assistance of the Company Secretary may seek independent external advice at the expense of the Company on any matter connected with the discharge of his or her responsibilities. The consent of the Committee Chairman will not be unreasonably withheld. The policy of the Committee is that external advice will be made available to all Committee members.

## 5. Composition

---

- 5.1 The Committee shall be appointed by the Board and shall comprise of three (3) Non-Executive Directors of the Company, the majority of whom shall, where possible, be independent.
- 5.2 The Chairman of the Committee (the "**Chairman**") shall be a Non-Executive independent Director appointed by the Board.
- 5.3 Membership will be reviewed every three years or earlier if circumstances dictate.

## 6. Meetings

---

- 6.1 The Committee shall meet at least three (3) times a year and or more frequently as the Chairman deems necessary.
  - 6.2 Meetings may be held in person or by any electronic means which the Committee deems appropriate.
  - 6.3 The Committee may also consider matters and reach agreement regarding a recommendation to the Board via a circulating written resolution. In order for a
- 

recommendation to be made by the Committee in such instances all Committee members must indicate their agreement by signing the written resolution.

- 6.4.** A quorum for a Committee meeting is two (2) members. Where there are only two members in attendance, the attending members must be independent Non-Executive Directors.
- 6.5** Unless otherwise determined by the Committee, the Company Secretary shall act as Secretary to the Committee.
- 6.6.** Meeting papers shall where possible be distributed one week prior to each meeting.
- 6.7.** In addition to the members of the Committee, other independent Directors of the Board are entitled to attend Committee meetings and will receive copies of the papers upon request.
- 6.8.** The MD may be invited to attend Committee meetings but will have no voting rights and must not be present during discussions on his own remuneration.
- 6.9.** The Committee may invite other members of the management team and any other people as it deems appropriate to attend and to provide information as necessary so that the Committee may be fully informed on the relevant matter(s) and carry out its duties.
- 6.10.** Any Committee member may call a meeting of the Committee or may request a member to call a meeting.
- 6.11.** In the Chairman's temporary absence, one of the other independent Non-Executive members nominated by the Chairman or elected by the other members of the Committee will act as Chairman of the meeting.
- 6.12.** Proceedings and meetings of the Committee will be governed by the Constitution of the Company for regulating the meetings and proceedings of the Board in so far as they are applicable and not inconsistent with these terms of reference.
- 6.13.** The Committee will approve the Committee's annual forward plan.
- 6.14.** At the discretion of the Committee Chairman, separate meetings may also be held with any member of the Company's management.
- 6.15** The Committee Chairman does not have a second or casting vote.

## 7. Reporting

---

- 7.1.** The key matters discussed at each Committee Meeting shall be reported by the Chairman of the Committee to the Board at the next regular Board Meeting.
- 7.2.** The report should cover all matters relevant to the Committee's role and responsibilities including:
  - a) Recommendations regarding matters within the scope of the Committee's Terms of Reference;
  - b) Matters required by any listing rule, legislation, regulatory body or other regulatory requirement; and
  - c) Other matters that require Board action or approval.

**7.3** The Committee Minutes shall be circulated to all Committee members and will be confirmed at the following meeting of the Committee and shall be noted by the Board at its next regular meeting.

**8. Other Matters**

- 8.1.** The Committee shall review these Terms of Reference at least once every two years and, if appropriate, recommend changes to the Board.
- 8.2.** In order to ensure that the Committee is fulfilling its duties, it will undertake at least a biennial self-assessment of its performance against the requirements of its Terms of Reference and provide that information to the Board.



## Schedule 1 – Nomination Role and Responsibilities

The nomination role of the Committee is to assist the Board of MZI Resources Ltd in fulfilling its responsibilities by reviewing, advising and making recommendations to the Board on Board composition and related matters including the following:

- a. Development of criteria for assessing the skills and experience required for Directors on the relevant Boards.
- b. Conducting an annual review of the Board skills matrix and oversight of the assessment and skills gap identification process.
- c. Development and implementation of succession planning for Non-Executive Directors, taking into account the challenges and opportunities facing the Group and the skills and expertise likely to be required on the Board for the future.
- d. Reviewing the composition of the Board having regard to the optimum number and skill mix of Directors, subject to the limits imposed by the Company's Constitution and the terms served by existing Non-executive Directors.
- e. Oversight of the development and provision of a training and development plan for non- Executive Directors.
- f. Development of position specifications and the identification, assessment and recommendation **of** suitable candidates for appointment to the
  - i. Board of MZI Resources Limited;
  - ii. The MZI group's subsidiary company boards;
  - iii. MZI representatives to any joint venture boards or committees; or
  - iv. MZI representatives to any external board in which the Company has a substantial investment and is entitled to have, or has negotiated, board representationtaking into account relevant Board policies (including diversity and independence) and procedures as well as candidates' potential contribution to enhancing Board/Committee effectiveness.
- g. Oversight of the Board appointment process and ensuring that relevant assessments and Director probity checks are carried out.
- h. Oversight of the Board induction process and the on-boarding of new Directors and periodic assessment of the effectiveness of the induction process.
- i. Assisting the Board meet its governance requirements for Board Committee membership and making recommendations on the composition of Board committees.
- j. Ensuring that a succession plan for the Managing Director/Chief Executive Officer is in place.
- k. Management of selection process for Managing Director/Chief Executive Officer position and making recommendations to the Board for appointment.
- l. Ensuring that succession plans for key senior executives are in place.
- m. Making recommendations to the Board for appointments.
- n. Evaluation and endorsement of retiring Directors seeking re-election.
- o. Reviewing policy on matters related to Director appointment, induction,

- development, tenure, Board composition and size as appropriate.
- p. Oversight of the Company's people diversity program
    - i. Review the Company's Diversity Policy on a regular basis to ensure that it reflects relevant corporate governance and legal requirements;
    - ii. Establish measurable targets and objectives for achieving gender diversity and monitor progress towards their attainment annually;
    - iii. Review all public reporting on diversity performance prior to release, and
  - q. Undertaking any other activities requested by the Board.

The following matters will continue to be handled by the Board as a whole under the leadership of the Board Chairman:

- Finalisation of the Board Chairman succession planning process and all decisions on Board Chairman succession, including the final decision.
- Matters pertaining to the assessment of Director independence;
- The process for Board, Committee and Director evaluation;
- Assessment as to whether Directors are meeting the expected time commitment; and
- Notification and consultation by NEDs prior to accepting any new listed company Board appointments or material appointments with a significant time requirement.



# Schedule 2 – Remuneration Role and Responsibilities

---

The remuneration role of the Committee is to assist the Board in fulfilling its responsibilities by reviewing, advising and making recommendations to the Board on Director, Senior Executive and employee remuneration and related matters as follows:

## **(a) Remuneration Framework and Policies**

- (i) Formulate the Company's remuneration framework and periodically review its ongoing appropriateness and relevance for the size and nature of the business, market conditions and ensure its alignment with the Company's risk management framework.
- (ii) Review all new, and any proposed amendments to existing, remuneration related policies.
- (iii) Consider all strategic HR related policies and practices.
- (iv) Develop a policy on the treatment of performance based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

## **(b) Non-Executive Director Remuneration**

- (i) Review and make recommendations to the Board on the remuneration framework, policies and fee levels and structure for Non-Executive Directors on the MZI Board. Total aggregate fees paid to all Non-Executive directors must be within the fee pool which is approved by shareholders.
- (ii) Opine on all matters concerning the operation of any equity plan in which Directors may be entitled to participate in from time to time. Such plans will be subject to shareholder approval.
- (iii) Determine the remuneration (if any) to be paid to any Non-Executive Directors of subsidiary company Boards.
- (iv) Consider any extra exertion payments to Non-Executive Directors as may be proposed from time to time.

## **(c) Managing Director Remuneration and Performance**

- (i) Review and make recommendations to the Board upon appointment and then annually on the entire specific contractual and remuneration arrangements for the MD having regard to the Company's Remuneration Policy, including:
  - fixed remuneration levels;
  - short and long term remuneration targets and outcomes (including performance targets);
  - superannuation arrangements;
  - any retention, sign-on or equity buy-out awards;
  - the development of any equity based plan to apply to the Managing Director; and
  - any other forms of remuneration.

- (ii) Review the MD's performance against short-term key performance indicators, long term objectives and performance hurdles annually and make recommendations to the Board as to the quantum of performance based awards.
- (iii) Agree the protocol for the authorisation of the MD's expense claims.

**(d) Senior Executive Remuneration**

- (i) Review the individual contract arrangements for all Senior Executives upon appointment and then annually
- (ii) Review any non-routine remuneration arrangements pertaining to Senior Executives
- (iii) Review the Managing Director's annual performance assessment of the Senior Executives against short term key performance indicators, long term objectives and performance hurdles and consider his recommendations as to the quantum of performance based awards and any changes to fixed remuneration.

**(e) General Remuneration across the MZI Group**

- (i) Review and recommend to the Board the size of variable reward pools as part of the Company's annual plan based on consideration of pre-determined business performance indicators and the Company's financial soundness.
- (ii) Annually review the remuneration trends and practices across the Company and any proposed changes.
- (iii) Consider recommendations from the MD for general changes to employee remuneration and make recommendations to the Board.
- (iv) Consider any major changes in employee benefits structures throughout the Group and oversee their implementation.
- (v) Review and endorse any remuneration arrangements outside of the Remuneration Framework relating to individuals or groups of individuals which may be significant because of their sensitivity, precedent or disclosure implications.
- (vi) Review and make a final determination on any staff grievances about remuneration or performance matters which are unable to be resolved by the management team.

**(f) Performance Incentive Plans**

- (i) Monitor and make representations to the Board in relation to the design and implementation of all performance incentive plans, including performance hurdles and incentive pool amounts and participation.
- (ii) Review incentive plans in the light of legislative and regulatory changes as well as the market accepted "norms" for such plans.
- (iii) Review and endorse the proposed award of all incentives under the plans.
- (iv) Periodically review the effectiveness of incentive based plans and make recommendations as to their future operation or discontinuance.

**(g) Equity Based Plans**



- (i) Monitor and make representations to the Board in relation to the design and implementation of all equity based plans, including performance hurdles and incentive pool amounts and participation.
- (ii) Review equity based plans in the light of legislative and regulatory changes as well as the market accepted “norms” for such plans.
- (iii) Consider whether circumstances exist under which it would be appropriate for the Board to exercise any discretion reserved to it under the plan rules.
- (iv) Consider requests for the exercise of the Board’s discretion with respect to the Plan rules.
- (v) Periodically review the effectiveness of equity based plans and make recommendations as to their future operation or discontinuance.
- (vi) Review and approve the terms of any trust deed applying to the plans and any amendment to such trust deed (including recommending the authorization of the execution of any such trust deed or changes to same).

#### **(h) Termination / Transition to Retirement**

- (i) Review the quantum and appropriateness of all proposed termination payments to any executive Director or Senior Executives.
- (ii) Review and oversee the termination arrangements or transition to retirement arrangements for any executive Director or Senior Executive.

#### **(i) Statutory Reporting and Shareholder Communication**

- (i) Review and endorse all remuneration related resolutions and explanatory materials being put to shareholders.
- (ii) Review all public and statutory reporting by the Company of its remuneration policies and practices including any valuations applied to equity plans prior to its release.
- (iii) Review and endorse the Remuneration Report in the Company’s Annual Report prior to release and ensure that it complies with all applicable disclosure requirements.
- (iv) Ensure the Company’s compliance with applicable legal and regulatory Requirements associated with remuneration reporting.
- (v) To communicate with shareholders on the Company’s remuneration policy and the Committee’s work on behalf of the Board. The Committee’s Chairman will attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee’s activities.
- (vi) Consider reports and voting recommendations on remuneration related matters prepared by governance advisors and proxy advisory firms.
- (vii) Make recommendations regarding liaison and communication with key stakeholders in relation to remuneration governance issues as required

#### **(j) Compliance**

- (i) Monitor developments in relevant employment and workplace legislation and regulations and oversee the MZI Group’s compliance with relevant legislation.

- (ii) In determining Director and Executive remuneration arrangements the Committee will give due regard to any relevant legal and regulatory requirements including the provisions and recommendations in the ASX Listing Rules and ASX Corporate Governance Council's Principles and Recommendations

**(k) Remuneration Consultants**

- (i) Ensure that all of the Company's dealings with remuneration consultants comply with the requirements of the Corporations Act.
- (ii) Develop and oversee the policy for engaging and dealing with remuneration consultants.
- (iii) Review and approve all engagement documents with external remuneration consultants.

This Terms of Reference was approved by the Board on 28 July 2017

