



## HUMAN RESOURCES AND REMUNERATION COMMITTEE

### CHARTER

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#### 1. ROLE

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| 1.1 | <b>Legislation authorising committee creation</b> | The Human Resources and Remuneration Committee ( <b>committee</b> ) is a committee of the board of the Electricity Retail Corporation ( <b>Synergy</b> ) established under Section 13 of the <i>Electricity Corporations Act 2005 (WA) (Act)</i> .  |
| 1.2 | <b>Role of the committee</b>                      | <p>The role of the committee is to assist the board to fulfil its corporate governance oversight responsibilities in regard to:</p> <ul style="list-style-type: none"><li>• remuneration and other terms and conditions of service of Synergy staff;</li><li>• general human resources policies and practices including occupational health &amp; safety policies and programs;</li><li>• succession planning and nomination of the chief executive officer/managing director in accordance with section 14(2)(a) of the Act;</li><li>• the remuneration of non executive directors; and</li><li>• the performance and remuneration of the chief executive officer/managing director.</li></ul> |
| 1.3 | <b>Broad general authority</b>                    | The committee is authorised by the board to evaluate different remuneration methods and philosophies, and investigate any activity within its charter.  |
| 1.4 | <b>ASX guidelines</b>                             | The committee is to undertake the function of the remuneration committee set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.   |

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## 2. DUTIES AND RESPONSIBILITIES

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- 2.1 **Chief executive officer/  
managing director** In assisting the board the committee will review and make recommendations to the board on the remuneration and performance of the chief executive officer/managing director including:
- (a) the nomination or removal of the chief executive officer/managing director;
  - (b) assistance to the chairman of the board in obtaining the Minister's concurrence before exercising any powers to appoint, remove and fix or alter the terms and conditions of service;
  - (c) the specific remuneration (including fixed and variable remuneration of the chief executive officer/managing director, which may include seeking independent advice on industry practice pertaining to remuneration) and recommendations of appropriate changes to the remuneration of the chief executive officer/managing director to the Minister;
  - (d) the criteria for, and evaluation of, the performance of the chief executive officer/managing director.
- 2.2 **Remuneration of non-executive directors** The committee will review and make recommendations to the board on the remuneration of the non executive directors including:
- (a) the development and implementation, pursuant to Section 11 of The Act, of a policy relating to remuneration, and other conditions of service of non-executive directors and gain policy approval from the Minister and oversee the application of the policy; and
  - (b) receipt of independent advice on industry practice pertaining to remuneration.
- 2.3 **Direct Reports to the Chief Executive Officer / Managing Director** The committee will review and make recommendations to the board on matters pertaining to direct reports of the chief executive officer/managing director including:
- (a) the appointment, removal or any material change to the role of any executives reporting directly to the chief executive officer/managing director;
  - (b) the company's recruitment, retention and termination policies and procedures for senior executives;
  - (c) the chief executive officer/managing director's recommendations on terms of employment and remuneration of direct reports to the chief executive

officer/managing director with a view to designing remuneration packages that are linked to short and long-term performance objectives;

- (d) the chief executive officer/managing director's recommendations on development and succession plans for direct reports to the chief executive officer/managing director;

The committee will review and if appropriate endorse the key performance indicators recommended by the chief executive officer/managing director for the direct reports to the chief executive officer/managing director. Once endorsed, the committee will provide these key performance indicators to the board for noting.

**2.3 Staff and other duties**

The committee will review and make recommendations to the board on other matters pertaining to staff including:

- (a) the development, determination and implementation, pursuant to Section 18 of The Act, of policies relating to remuneration and other conditions of service of staff;
- (b) the review of remuneration practices and industrial agreements to ensure that Synergy is considering emerging issues;
- (c) the review of Synergy's policies to ensure that they are sensitive to general concerns of employees and stakeholders;
- (d) receipt of independent advice on industry practice on remuneration and approval of increases to remuneration bands taking into consideration appropriate market movements;
- (e) percentage budget increases for remuneration budgets;
- (f) the establishment and maintenance of remuneration policies that are prudent best practice, competitively set to attract competent, qualified and experienced staff that will allow Synergy to achieve its commercial objectives;
- (g) occupational health & safety policies and programs are in place for staff;
- (h) establishment and maintenance of an effective performance evaluation system for staff;
- (i) the review and approval of Synergy's at risk remuneration and other performance incentive schemes – including the design and implementation of

those plans, the performance hurdles and incentive pool amounts, and the consideration each year whether payments should be made under each scheme and the amounts.

### 3. MEETINGS

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| 3.1 | <b>Meeting frequency</b>                    | The committee meets as frequently as required but not less than three times a year.   |
| 3.2 | <b>Authority to call a meeting</b>          | The chairman, any committee member or the secretary may call a meeting of the committee, and the chief executive officer/managing director may request a member to call a meeting.  |
| 3.3 | <b>Notice</b>                               | A notice of each meeting confirming the date, time, venue and agenda must be forwarded to each member of the committee in the week prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed. For meetings or agenda items provided on short notice, the company secretary may also provide documents by email. |
| 3.4 | <b>Quorum</b>                               | A quorum will comprise two committee members. In the absence of the committee chairman or appointed delegate, the members must elect one of their number as chairman for that meeting.  |
| 3.5 | <b>Access and independence</b>              | The committee must have unrestricted access to personnel records, and senior management as appropriate. The committee is authorised to obtain outside independent professional advice and if it considers it necessary to secure the attendance of outsiders with relevant experience and expertise. The committee may meet with external advisers without management being present.        |
| 3.6 | <b>No casting vote</b>                      | The chairman of the committee does not have a second or casting vote.   |
| 3.7 | <b>Board reporting</b>                      | The chairman of the committee, or delegate, must report to the board following each meeting.  |
| 3.8 | <b>Minutes and submissions to committee</b> | The company secretary must retain minutes of proceedings and resolutions of committee meetings. Until such time as another form of communication may be agreed by the committee, the company secretary must provide committee members with hard copy versions of notices, minutes, agenda and supporting papers. These documents are also available in electronic form.                     |
| 3.9 | <b>Attendance</b>                           | Any person may be invited to attend meetings of the   |

committee, but not necessarily for the full duration of the meeting. The following positions have a standing invitation to attend meetings:

- chief executive officer/managing director;
- chief operating officer; and
- manager of employee and organisational services or equivalent position.

3.10 **Separate meetings with employees** At the discretion of the chairman of the committee, separate meetings may be held with any employee of Synergy.

#### 4. COMPOSITION

4.1 **Membership** The committee consists of not less than three and up to four non-executive directors. As agreed by the Synergy board at its 1 November 2010 meeting the current chairman of the committee is Dr Margaret Seares.

4.2 **Current members** Membership of the committee as at November 2010 is:

- Dr Margaret Seares (chairman)
- Ms Caryle Demarte
- Mr Michael Smith

4.3 **Review of committee memberships** Membership will be proposed by the chairman of the committee and approved by the board. Membership must be reviewed every three years or earlier if circumstances dictate.

4.4 **Member rotation** Periodic rotation of the members' appointments is to be encouraged.

4.5 **Company secretary** The company secretary or a designate is the secretary of the committee.

#### 5. REVIEW

5.1 **Charter review** The committee proposes to review these terms of reference at least annually, but any committee member is free to propose changes to these terms of reference at any time.

5.2 **Date of most recent approval** The board has approved these revised terms of references at its meeting held on 25 August 2009.