

## **REMUNERATION AND NOMINATION COMMITTEE CHARTER**

### **ADOPTED BY THE BOARD ON 11 SEPTEMBER 2020**

#### **1 Purpose**

This charter is designed to clearly set out the roles and responsibilities, composition, structure, membership requirements and the procedures for inviting non-committee members to attend meetings of the Kingston Resources Limited's Nomination and Remuneration Committee (**Committee**).

#### **1.1 Objective**

The Committee is a committee established by the board of directors (**Board**) of Kingston Resources Limited (**Kingston** or the **Company**) to:

- (a) examine and implement adequate selection and appointment practices to ensure the composition of the Board and appointment of senior executives is appropriate to meet the needs of the Company; and
- (b) ensure the remuneration within the Company and its subsidiaries (collectively, the **Group**), is appropriately designed to balance the Company's desire to attract and retain senior executives and Directors against the Company's interest in not paying excessive remuneration so as to enhance corporate and individual performance whilst also meeting the needs of the Group as a whole.

#### **2 Composition of the Board**

##### **2.1 Members**

The Committee must consist of at least three directors who fulfil the criteria set out in paragraph 2.4 (**Committee Members**).

##### **2.2 Appointment and Removal**

The Committee Members shall be appointed and removed by ordinary resolution of the Board.

##### **2.3 Chairperson**

The Chairperson of the Committee will be an independent or non-executive director (**Chairperson**).

##### **2.4 Membership requirements**

- (a) The Committee should consist of directors with experience and understanding of the current and future needs of the Board, including the composition, skills, experience and expertise of the Board which are required to effectively manage the Group.
- (b) The Company will, where possible, limit the use of Executive Directors serving on the Committee in order to address the potential for, or perception of, conflict of interest of Executive Director involvement in Board decisions on their remuneration packages.

### **3 Responsibilities**

#### **3.1 Nominations**

The primary responsibilities of the Committee in relation to nominations include:

- (a) providing recommendations to the Board about:
  - the necessary and desirable competencies of Directors;
  - review of Board succession plans;
  - the development of a process for the evaluation of the performance of the Board, its committees and Directors; and
  - the appointment and re-election of Directors.
- (b) develop transparent procedures for the selection, appointment and removal of Directors;
- (c) establish and maintain policies for appointment and removal of Directors, the induction, evaluation and continuing education of Directors and remuneration;
- (d) make recommendations to the Board on all aspects of remuneration at all levels within the Group;
- (e) evaluate the performance of the Board, its committees and the Directors; and
- (f) developing succession plans.

#### **3.2 Remuneration**

- (a) The primary responsibilities of the Committee in relation to remuneration include the review of and recommendation to, the Board on:
  - the Group's remuneration, recruitment, retention and termination policies and procedures for senior executives;
  - senior executives' remuneration and incentives;
  - superannuation arrangements;
  - the remuneration framework for Directors; and
- (b) The Committee reviews and makes recommendations to Board in relation to:
  - the quantum and structure of remuneration for Directors, including base fees, committee fees, expense reimbursements and superannuation (if applicable);
  - procedures to assess the performance of Directors for remuneration purposes; and
  - procedures to assess compliance with any ASX Listing Rule, legislation or other regulatory requirement in respect of remuneration as it relates to the Group.
- (c) The Committee reviews the recommendations of the Board with respect to:

- remuneration and incentive policies appropriate to the Group for senior executives including:
  - the quantum of remuneration; and
  - structuring of remuneration (considering the appropriate proportion of base remuneration, short-term and long-term 'at risk' remuneration, bonus and incentive payments and any equity-based component);
- establishing and reviewing procedures to assess the performance of senior executives; and
- remuneration and incentive policies appropriate to the Group for employees including the administration of any employee share plan or other incentive plan.

#### **4 Powers**

##### **4.1 Powers**

- (a) The Committee will have access to adequate internal and external resources, including access to advice from external consultants or specialists in order to fulfil its duties.
- (b) In fulfilling its duties, any Committee Member may:
  - access any document, report, material or information in the possession of the Group, an employee or external adviser of the Group which is required to fulfil his or her duties;
  - at the cost of the Company and in accordance with the Board Charter, obtain independent professional advice to assist in the proper exercise of his or her powers;
  - as necessary, request the assistance of any employee, Director or external adviser of the Group;
  - as necessary, consult with any employee, Director or external adviser of the Group regarding their remuneration package, but shall not allow such persons to be directly involved in determining their remuneration; and
  - any other thing or action reasonably necessary to enable the Committee member to fulfil his or her duties.
- (c) For the avoidance of doubt, the Committee does not have the power to enter into transactions on behalf of the Group or bind the Group in any other way or form.

##### **4.2 Exercise**

The Committee must exercise the powers delegated to it in accordance with this Charter, the Constitution of the Company and the directions of the Board and to the extent of any inconsistency the Constitution shall apply.

**4.3 Review**

The powers of the Committee shall be reviewed regularly to ensure its powers and activities meet the needs of the Board, comply with corporate governance requirements and reflect changes in the Group.

**5 Meetings**

**5.1 Convening of Meetings**

The Committee shall meet as frequently as is required to fulfil its responsibilities set out in paragraph 3 but must convene a minimum of two meetings in each financial year.

**5.2 Quorum**

A quorum will comprise of two (2) Committee Members. In the absence of the Chairperson, the Committee Members may elect a Committee Member present at the meeting to take the chair.

**5.3 Voting**

Each Committee Member has one vote and the Chairperson does not have a deciding vote.

**5.4 Attendance**

The Committee may at its discretion invite additional persons to attend the Committee meetings, including without limitation, any external adviser, any member of the Board, the Chief Executive Officer or Chief Financial Officer. Where such persons are invited to attend, the Committee must set aside time during the meeting for discussion without any executives of the Group present, unless the business of the meeting does not require this to occur.

**5.5 Non-Committee members**

The Committee may seek input from individuals on remuneration policies, but no individual should be directly involved in deciding their own remuneration.

**6 Selection and appointment process and re-election of Directors**

The Committee will develop a formal and transparent procedure for the selection, appointment and re-appointment of Directors to the Board to help promote investor understanding and confidence in that process.

**6.1 Disclosure of Board selection processes**

- (a) The Committee will over time develop, implement and maintain a policy setting out the procedure for the selection, appointment, re-election and removal of Directors. The Committee will ensure any such policy is as transparent as possible so as to encourage and promote investor understanding and confidence. The Committee will make recommendations for the appointment or removal of Directors in accordance with any applicable policy.
- (b) In developing the selection, appointment, re-election and removal policy, the Committee will consider reporting to the Board and shareholders on the process including:
  - the process by which candidates are identified and selected including whether professional intermediaries are used to identify and/or assess

- candidates;
  - the steps taken to ensure that a diverse range of candidates is considered; and
  - the factors taken into account in the selection process.
- (c) The company's Skills Matrix which outlines the mix of skills and expertise the board considers necessary to possess as a group is annexed to the Corporate Governance Statement.

## **6.2 Commitment of the Board**

- (a) In support of their candidature for directorship or re-election, non-executive Directors will provide the Committee with details of other commitments and an indication of time involved. Prior to appointment or being submitted for re-election, non-executive Directors should specifically acknowledge to the Company and the Committee that they will have sufficient time to meet what is expected of them.
- (b) The Committee should regularly review the time required from a non-executive Director, and whether Directors are meeting that requirement.
- (c) Non-executive Directors should inform the Company and Chairperson before accepting any new appointments as directors.

## **6.3 Election of Directors**

- (a) The names of candidates submitted for election as Directors should be accompanied with the following information to enable shareholders to make an informed decision on their election:
- biographical details including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate;
  - a statement by the Board as to whether it supports the nomination of the proposed candidate(s);
  - details of the relationships between:
    - the candidate and the Company; and
    - the candidate and Directors of the Company;
  - directorships held;
  - particulars of other positions which involve significant time commitments;
  - the term of office currently served by any Directors subject to re-election; and
  - any other particulars required by law.
- (b) Non-executive Directors will be appointed for specific terms subject to re-election and to the ASX Listing Rule and Corporations Act provisions concerning removal of a Director.
- (c) Re-appointment of Directors will not be automatic.

#### **6.4 Performance of Directors**

The Committee will over time develop, implement and maintain a policy setting out the process for evaluating the performance of the Board, its Committees and individual Directors.

#### **6.5 Induction and Evaluation of Directors**

The Committee will over time as needed develop, implement and maintain a policy for the induction and evaluation of Directors within the Company. The induction and evaluation of Directors will provide a basis for assessment of the expectations and performance of Directors. The induction program for Directors will cover matters including:

- (a) the Company's financial, strategic, operational and risk management position;
- (b) the culture and values of the Company;
- (c) the rights, duties and responsibilities of Directors;
- (d) the role and responsibilities of senior executives;
- (e) the role of the board's committees;
- (f) meeting arrangements; and
- (g) director interaction with each other senior executives and other stakeholders.

The induction program above will be tailored to the new director's skills, knowledge and expertise to position them to discharge their responsibilities effectively and to add value. The induction programs will include sufficient training around the legal framework that governs the Company and the key accounting measures in relation to the Company's financial statements.

#### **6.6 Succession Plans**

The Committee will be responsible to establish and regularly consider a succession plan for the Board, to maintain an appropriate mix of skills, experience, expertise and diversity on the Board and ensure that the Board continues to be structured in a manner that enables it to discharge its legal, social and financial obligations.

#### **6.7 Review and Recommendations**

Each financial year, the Committee will review:

- (a) the performance, skills, competencies and experience of each Director;
- (b) the performance and competency of the Board, its committees and Directors as a whole; and
- (c) the compensation of Directors,

and will liaise with Directors and the Board on all matters of relevance.

#### **6.8 Director competencies**

In order to be able to discharge its mandate effectively, the Board should comprise Directors possessing an appropriate range of skills and expertise. The Committee will regularly assess the need for enhancing Director competencies to enhance the competencies, skills and experience of the Directors and the Board as a whole, so as to assist the Board in effectively discharging its legal, social and financial obligations.

Directors will have reasonable access to continuing education to update and enhance their skills and knowledge, including education concerning key developments in the Company and in the mining resources industry.

**7 Remuneration Policy**

- (a) The Committee will design a remuneration policy in such a way that it will:
- (1) motivate senior executives to pursue the long-term growth and success of the Company;
  - (2) demonstrate a clear relationship between senior executives' performance and remuneration; and
  - (3) clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.
- (b) Executive Directors' and senior executives' remuneration packages should involve a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals.
- (c) The Committee should ensure that the Board is provided with sufficient information to ensure informed decision-making regarding remuneration.

**8. Guidelines for executive remuneration packages**

The Committee will consider a balance between the following components in formulating executive remuneration packages:

- fixed remuneration;
- performance-based remuneration;
- equity-based remuneration; and
- termination payments.

**9. Guidelines for non-executive remuneration packages**

The Committee will consider a balance between the following components in formulating non-executive remuneration packages:

- (a) non-executive Directors should normally be remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or salary sacrifice into equity;
- (b) non-executive Directors should not normally participate in schemes designed for the remuneration of executives; and
- (c) non-executive directors should not be provided with retirement benefits other than superannuation contributions.

**10. Approval of Remuneration Packages**

- (a) The Committee must approve all remuneration packages of directors, senior executives and management to ensure they comply with the Remuneration Policy, the Constitution and the Company's objectives. In considering the remuneration packages of directors, senior executives and management, the Committee must pay particular attention to the Company's desire to attract and

retain high quality Board members and senior executives, so as to maximise the ultimate benefits to the Company and its shareholders.

- (b) The Committee must also approve:
1. any amendment to the remuneration package of directors, senior executives and management;
  2. any termination payments to be made to executive directors, senior executives or management; and
  3. any equity-based plans for the remuneration of executive directors, senior executives or management.

#### **11. Regular Assessment**

The Committee will regularly assess:

- (a) the necessary and desirable competencies of Directors;
- (b) the composition and structure of the Board;
- (c) the remuneration levels throughout the Company; and
- (d) the mix of skills and experience of the Directors, and as required make recommendations to the Board to ensure that the Board's is structured in a manner which enables it to discharge its legal, social and financial obligations.

#### **12. Review of Remuneration**

The Committee will, as required, review and make recommendations to the Board on:

- (a) changes to the Constitution, law or regulation which may have an effect on the Company's remuneration policy;
- (b) remuneration packages at all levels of the Company, including without limitation, directors, senior executives, management and employees;
- (c) the application of incentive schemes, such as bonuses and employee share schemes;
- (d) the recruitment, retention, retirement and termination policies of the Company as a whole, with particular attention to senior executives and management;
- (e) annual, sick, maternity, parental and long service leave arrangements;
- (f) performance evaluation and bonuses for senior executives and management;
- (g) compliance with legal obligations regarding remuneration;
- (h) salary packaging and superannuation arrangements; and
- (i) individual remuneration of executive and non-executive directors, with the overall aim of motivating and rewarding the performance of its directors, senior executives and employees.

#### **13. Information**

The Committee must ensure that the Board, management and human resources personnel are provided with sufficient information regarding remuneration within the

Company so as to enable them to make informed decisions about remuneration of individuals in the Company.

**14. Disclosure**

The Committee is responsible for ensuring that the Company adequately discloses the remuneration of Directors, senior executives and management in accordance with all legal and regulatory requirements, including without limitation the ASX Listing Rules and the *Corporations Act 2001* (Cth).

**15. Board Request**

The Committee must examine and review any matters referred to it by the Board.

**16. Reports to Board**

The Committee must provide all committee meeting minutes to the Board and report to the Board annually as to:

- (a) any recommendations for the appointment or removal of new or existing Directors; and
- (b) whether the Remuneration Policy and remuneration of Directors, senior executives and management is fair and reasonable having regard to comparable companies.

The Company Secretary must ensure that all minutes of all committees are included in the Board Papers or the first Board meeting following the Committee meeting(s).