

Remuneration Committee Terms of Reference and Charter

April 2018

Version #6

An abstract graphic at the bottom of the page consists of several overlapping, wavy, semi-transparent bands of color. The colors transition from purple and blue on the left, through green and yellow in the center, to red and orange on the right. The bands create a sense of movement and depth.

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1. Policy Overview

The Remuneration Committee assists the Board in the oversight of TasNetworks' remuneration, which includes remuneration, bonuses and incentives for the chief executive officer and employees.

2. Basis

The Board of Directors (the **Board**) of Tasmanian Networks Pty Ltd (**TasNetworks**) has established a Remuneration Committee (the **Committee**) under clause 30 of the TasNetworks' Constitution.

3. Committee responsibilities

3.1. The Board:

The committee assists the Board:

- to carry out its responsibilities in relation to the Board appointment process including by reference to the Guidelines for Tasmanian Government Businesses – Board Appointments and related processes;
- in the development of a Board skills assessment matrix, director role statements and criteria, and identifying potential director candidates.

3.2. Chief Executive Officer:

In assisting the Board, the committee will:

- review and recommend the remuneration of the CEO, within the terms of the employment contract and applicable Tasmanian Government Guidelines, annually to the Board;
- assist to develop key performance indicators for the CEO;
- determine the process for evaluating the performance of the CEO;
- assist the Chairman of the Board to monitor and review the CEO's performance against the key performance indicators;
- review succession planning for the CEO .

3.3. Members of the TasNetworks Leadership Team (TLT):

The committee will:

- review and endorse the CEO's recommendations regarding remuneration for the TasNetworks Leadership Team;
- review and endorse the CEO's recommendations regarding the appointment, removal or any material change to the role or position classification of any TLT member;
- review succession planning for the TLT .



3.4. Members of the TasNetworks Leadership Team and other Leaders:

The committee will endorse:

- the annual adjustment to the salary ranges prior to the remuneration review occurring.

3.5. TasNetworks Remuneration Structure:

The committee will:

- align TasNetworks' remuneration policies, practices and performance indicators to the Board's vision, values and overall business objectives and are appropriately designed to:
 - motivate TasNetworks' team members and the CEO to pursue the long term growth and success of TasNetworks; and
 - demonstrate a clear relationship between the achievement of TasNetworks' objectives and the CEO's and team members' performance remuneration.
- consider Tasmanian market trends when determining team members' remuneration and conditions of employment; and
- review any significant changes to the organisation's structures, salary structures and employment conditions.

3.6. Shareholders' Expectations:

The committee will:

- assist the Board in meeting Shareholder expectations on team members' remuneration and director and executive remuneration disclosure where appropriate.

In discharging their responsibilities, the Committee members have a duty to act in the best interests of TasNetworks as a whole, irrespective of personal, professional, commercial or other interests, loyalties or affiliations.

4. Composition and term

- The Committee is a committee of the Board.
- The Committee consist of a minimum of two non-executive members of the Board and such other non-Board members as the Board determines from time to time.
- Members and the Committee Chair will be appointed by the Board for a term of one year commencing on 1 July. In the event of a casual vacancy on the Committee, the Board may appoint a replacement member to hold office until the following 30 June.
- The duties and responsibilities of a member of the Committee will be in addition to those duties set out for a director of the Board.



5. Meetings

- Proceedings and meetings of the Committee will be governed by the provisions of TasNetworks' Constitution for regulating meetings and proceedings of the Board in so far as they are applicable and not inconsistent with this Charter.
- The Committee will meet at least four times a year, and additionally as the Committee considers necessary.
- The notice and agenda of meetings will include relevant supporting papers, as appropriate, and will be provided one week prior to each meeting. Subject to approval of the Committee Chair, the Committee Secretary may also provide documents by email for meetings or agenda items provided at short notice.
- Meetings of the Committee may be held face-to-face or through any technological means by which members can participate in a discussion.
- A quorum will be two members (who are also non-executive members of the Board). In circumstances where a quorum is unavailable the Chair of the Board may attend the meeting to constitute a quorum.
- In the absence of the Committee Chair the members must elect one of their number as chair of the meeting.
- Any matters requiring a decision will be decided by a majority of votes of members present.
- Circular resolutions: As provided under the Constitution, resolutions of the Committee may be passed without a meeting. The Committee prefers that this option is a last resort and used only when an alternative form of meeting is not possible. While the outcome of a circulating resolution will be advised to all Directors as soon as it is finalised, it will also be recorded in the minutes at the next Committee meeting.
- Any director who is not a Committee member is also invited to attend Committee meetings. Committee papers are available to non-Committee members via the Committee Secretary.
- The Committee may invite any such other persons to attend as it sees fit, and consult with other persons or seek any information it considers necessary, to fulfil its responsibilities.
- The following positions have a standing invitation to attend meetings:
 - the Chief Executive Officer;
 - the General Manager People & Performance; and
 - any director who is not a Committee member.

6. Access to advice

- The Committee is authorised to obtain outside independent professional advice as necessary, including the attendance of consultants with relevant experience and expertise at Committee meetings.
- The Committee may meet with external advisers without management present.
- The CEO and General Manager, People and Performance (or equivalent) have direct access to the Committee Chairperson to report matters of immediate concern within their respective areas of responsibility.



- The Committee can authorise the General Manager People and Performance (or equivalent) or Committee Secretary to undertake tasks in order to assist the Committee to carry out its functions.

7. Secretariat duties

- The Company Secretary (or delegate) will act as secretary to the Committee, and must retain minutes of proceedings and resolutions of Committee meetings and include them in subsequent Board meeting papers.
- The Committee Chair will table the outcome of deliberations at the next Board meeting.
- The minutes will be ratified by members in attendance/discussion and signed by the Committee Chair.

8. Annual performance review

The Committee will undertake an annual review of its performance and report the results of the review to the Board.

9. Review of the charter

- The Committee Charter will be reviewed every two years and revised as required to maintain consistency with the Board's objectives and responsibilities.
- The Board approves or further reviews the charter.

10. Publication

This Charter will be published on the TasNetworks website.

11. References

- Remunerations Committees: Good Practice Guide, Australian Institute of Company Directors (2004)
- Director Q&A on the Company Directors website (www.aicd.com.au)
- www.treasury.tas.gov.au Guidelines for Tasmanian Government Businesses – Board Appointments and Director and Executive Remuneration Guidelines
- Charter of the Aurora Board Appointments and Remuneration Committee.



12. Definitions

Term	Definition
TLT	TasNetworks Leadership Team.
Constitution	Memorandum of Association and Articles of Association

13. Contact for enquiries

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14. Administration of this Policy

This policy is administered by the Company Secretary and General Counsel and will be reviewed on a biennial basis and updated where applicable.

Authorisations		
Action	Name	Date
Prepared by	Philippa Bartlett, Company Secretary and General Counsel; and Sarah Pidgeon, Executive Assistant to Company Secretary and General Counsel	6 June 2014
Reviewed by	Lance Balcombe, CEO; and Justine McDermott, GM People and Performance	15 August 2014
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