Dated 13 January 2021

Charter of the Nomination and Remuneration Committee

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(**Company**)

Charter of the Nomination and Remuneration Committee

1. Introduction

1.1 This Charter governs the composition, membership, roles and responsibilities of the Nomination and Remuneration Committee (**Committee**) of the Company.

1.2 The operation of the Committee is also governed, where applicable, by the constitution of the Company.

2. Objectives

2.1 The purpose of the Committee is to provide advice, recommendations and assistance to the board of directors of the Company (**Board**) with respect to:

Nomination matters

(1) identifying nominees for directorships and other key executive appointments;

(2) the composition of the Board;

(3) ensuring that effective induction and education procedures exist for new Board appointees and key executives; and

(4) ensuring that appropriate procedures exist to assess and review the performance of the Chair, executive and non-executive directors, senior management, Board committees and the Board as a whole.

Remuneration matters

(1) putting in place remuneration policies which are designed to attract and retain senior managers and directors with the expertise to enhance the performance and growth of the Company; and

(2) ensuring that the level and composition of remuneration packages are fair, reasonable and adequate and, in the case of executive

directors and senior managers, display a clear relationship between the performance of the individual and the performance of the Company.

3. Composition

3.1 Members

The Committee must have a minimum of 3 members, all of which must be non-executive directors.

The members of the Committee will be appointed and removed by the Board.

3.2 Expertise

Members of the Committee must have an appropriate level of understanding of:

(1) the principles of corporate governance, including knowledge of the Australian Stock Exchange Limited's (**ASX**) Principles of Good Corporate Governance and Best Practice Recommendations;

(2) the Company's businesses and organisation structure;

(3) the functions of the Board and the various roles and responsibilities of directors and other key executive positions;

(4) Company management, at a senior management level;

(5) the disclosure requirements under the *Corporations Act 2001* and the ASX Listing Rules in respect to executive and director remuneration; and

(6) the complexities involved in negotiating and determining executive remuneration packages.

3.3 Chair and Secretary

The Committee will be chaired by the Chair of the Board or an independent director (**Chair**).

The Company secretary will act as secretary of the Committee (**Secretary**) unless determined otherwise by the Board.

3.4 Liaison

The principal liaison between executive management and the Committee will be the Company Secretary.

4. Meetings

4.1 Frequency

The Committee will meet as frequently as required but must, at a minimum, meet twice a year.

The Secretary must call a meeting of the Committee if requested to do so by any member of the Committee or Board.

4.2 Agenda and notice

The Secretary will be responsible, in conjunction with the Chair, for drawing up the agenda (supported by any necessary explanatory documentation) and circulating it to Committee members prior to each meeting. The Secretary must notify members of the Committee of the date, time and location of Committee meetings as far in advance as possible, but not less than 7 days before the meeting.

4.3 Quorum

A quorum for Committee meetings will be at least 3 members.

4.4 Minutes

The Secretary is responsible for taking minutes of each meeting and distributing them to Committee members as soon as practicable.

4.5 Attendance

The Committee may invite any person to attend part or all of any meeting of the Committee as it considers appropriate. Voting at Committee meetings is restricted to Committee members.

5. Objectivity

5.1 The Committee has the right to seek internal and external advice when it considers such advice necessary in order to fulfil its responsibilities.

5.2 Management must supply the Committee with information in a form, timeframe and of a quality that will enable the Committee to effectively discharge its duties.

5.3 The Committee must ensure that it obtains sufficient information to enable it to make informed decisions with respect to the advice and recommendations it provides to the Board.

5.4 A member of the Committee is not entitled to be present at a Committee meeting, nor give advice or recommendations to the Board, regarding:

(1) the level or composition of his or her remuneration; and

(2) the evaluation of his or her performance as a director of the Company.

6. Responsibilities of the Committee – Nomination matters

6.1 Nomination, appointment and removal

The Committee is responsible for:

(1) identifying specific individuals for nomination for directorship and key executive roles; and

(2) providing advice and recommendations to the Board with respect to the appointment and removal of directors and key executives.

The Committee must ensure that there is a formal process in place for selecting and appointing new directors and key executives and that the process is transparent.

6.2 Director competencies

The Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of:

(1) a plan for identifying, assessing and enhancing director competencies with reference to the expertise requirements set out in clause 4.3 of the Board charter; and

(2) a succession plan that is designed to ensure that an appropriate balance of skills, experience and expertise is maintained on the Board.

Prior to identifying an individual for nomination for directorship, the Committee must evaluate the range of skills, experience and expertise currently existing on the Board to ensure that the Committee identifies the particular skills, experience and expertise that will most effectively complement the Board's current composition.

6.3 Board composition

The Committee is responsible for ensuring that the Board is of a size and composition that allows for:

(1) decisions to be made expediently;

(2) a range of different perspectives to be put forward regarding issues before the Board;

(3) a range of different skills to be brought to Board deliberations; and

(4) Board decisions to be made in the best interests of the Company as a whole rather than being made in the interests of individual shareholders or interest groups.

6.4 Board commitment

The Committee is responsible for monitoring, on an ongoing basis, the time required for non-executive directors to adequately fulfil their duties and the extent to which non-executive directors are meeting these time requirements.

Prior to the nomination of prospective non-executive directors the Committee must obtain from the prospective candidate:

(1) details of other commitments of the prospective candidate and an indication of the time involved to meet these requirements; and

(2) an acknowledgement that the prospective candidate will have sufficient time to meet the requirements of a non-executive director with the Company.

A non-executive director must inform the Chairman of the Company of their intention to accept a new appointment as a director of another company prior to accepting such a position.

6.5 Election of directors

The Committee must ensure that any notice of meeting relating to the election of directors provides the Company's shareholders with the information necessary to allow the shareholders to make an informed decision on the election, including without limitation:

(1) biographical details, including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate;

(2) details of relationships between:

(a) the candidate and the Company; and

(b) the candidate and the Company directors;

(3) other directorships held by the candidate;

(4) particulars of other positions of the candidate which involve significant time commitments; and

(5) the term of office currently served by any directors subject to any re-election.

The Committee must ensure that non-executive directors are appointed for specific terms subject to re-election and to the ASX Listing Rules and the *Corporations Act 2001* provisions regarding the removal of directors.

6.6 Induction and education procedures

The Committee must implement an effective induction process for new Board appointees and key executives. This induction process must include:

(1) information about the Company;

(2) information about the industry within which the Company operates; and

(3) an induction program that enables new directors and executives to gain an understanding of:

(a) the Company's financial, strategic, operational and risk management position;

(b) their rights, duties and responsibilities; and

(c) the role of any Board committees.

The Committee must review the induction process annually to ensure that it is up to date and effective.

The Committee must ensure that Board appointees and executives have access to continuing education to update and enhance their skills and knowledge. This may include education concerning key developments in the Company and within the industry and environments within which it operates.

6.7 Evaluation and review

The Committee is responsible for the:

(1) evaluation and review of the performance of the Board against both measurable and qualitative indicators to be established by the Committee;

(2) evaluation and review of the performance of individual directors against both measurable and qualitative indicators to be established by the Committee;

(3) review of and making of recommendations on the size and structure of the Board;

(4) implementation of succession planning for members of the Board and management; and

(5) review of the effectiveness and programme of Board meetings.

7. Responsibilities of the Committee – Remuneration matters

7.1 Executive remuneration policy

The Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of an executive remuneration policy that:

(1) is designed to attract, maintain and motivate directors and senior management with the aim of enhancing the performance and long-term growth of the Company; and

(2) clearly sets out the relationship between the individual's performance and remuneration.

The Committee must review the remuneration policy and other relevant policies on an ongoing basis and recommend any necessary changes to the Board.

The Committee is also responsible for providing the Board with advice and recommendations regarding the Company's policies on recruitment, retention and termination.

7.2 Executive remuneration packages

The Committee is responsible for reviewing and providing recommendations to the Board with respect to the remuneration packages of senior management and executive directors.

The Committee must ensure that the remuneration packages of senior management and executive directors:

(1) display a balance between fixed and incentive pay which is tailored to the Company's short and long-term performance objectives;

(2) provide for a link between rewards and the performance of the Company and individual; and

(3) are consistent with the Company's remuneration policy and any other relevant Company policies.

The fixed component of each executive remuneration package should be based on the core performance requirements and expectations of the individual. The performance-based component of each executive remuneration package must be clearly linked to specified performance targets.

The Committee must ensure that, where applicable, any payments of equity-based remuneration are made in accordance with any thresholds set in plans approved by the Company's shareholders. Committee members must be aware at all times of the limitations of equity-based remuneration.

The Committee is also responsible for advising and providing recommendations to the Board with respect to executive superannuation arrangements.

7.3 Incentive schemes

The Committee is responsible for reviewing and providing recommendations to the Board with respect to:

(1) the Company's policies with respect to incentive schemes; and

(2) the incentive schemes of senior managers and executive directors.

The Committee will assist the Board in the development of appropriate benchmarks for use in designing incentive schemes.

7.4 Non-executive remuneration

Subject to compliance with clause 5.4, the Committee is responsible for providing advice to the Board with respect to non-executive directors' remuneration.

The remuneration packages of non-executive directors should generally be fee based and the Committee must ensure that:

(1) there is a clear distinction between the structure of non-executive directors' and executive directors' remuneration; and

(2) non-executive directors do not:

(a) participate in remuneration schemes designed for executive directors; or

(b) receive options, bonus payments or retirement benefits other than statutory superannuation.

7.5 Termination payments

The Committee is responsible for providing advice and recommendations to the Board on the Company's termination and redundancy policies and the payments made to outgoing directors and senior managers. The Committee should ensure that termination payments:

(1) are fair to the individual and the Company; and

(2) do not reward failure.

Where applicable termination payments must be agreed in advance and must contain clearly defined provisions regarding the consequences of early termination. The termination payments of the Company's Managing Director must always be agreed in advance.

8. Access to information

8.1 In order to ensure the Board is able to discharge its responsibilities properly, the Committee should establish a process whereby directors:

(1) can obtain independent professional advice when reasonably necessary at the expense of the Company;

(2) are encouraged to, and in fact actively, request additional information where they consider that the information supplied by internal or external sources is insufficient to allow them to make informed decisions; and

(3) can access the Secretary whenever required.

9. Reporting

9.1 Reporting to the Board

The Committee must report to the Board, at the first Board meeting subsequent to each Committee meeting, regarding the proceedings of each Committee meeting, the outcomes of the Committee's reviews and recommendations and any other relevant issues.

9.2 Annual report

The Committee must provide the Board with advice and recommendations regarding the appropriate material and disclosures to be included in the corporate governance section of the Company's annual report which relates to the Company's nomination and remuneration policies and procedures, information concerning the directors and the performance evaluation of the Board and senior executives.

9.3 Public availability of materials

The Committee must ensure that a copy of this charter is made publicly available.