



Australian Agricultural Company Limited
ABN 15 010 892 270

STAFF AND REMUNERATION COMMITTEE CHARTER

Approved by the Australian Agricultural Company Limited Board
On 24 January 2012

1. Objectives

The primary objective of the Committee is to assist the Board of Directors discharge its responsibilities and provide oversight and support in relation to the Company's health & safety and remuneration policies, programs and initiatives and to provide a formal forum for communication between the Board and senior management regarding health & safety and remuneration matters.

2. Terms of Reference of the Committee

The Committee is to review any health and safety related activities of the Company and its subsidiaries and report to the Board on those matters.

This Committee is also to report to, and provide advice to, the Board on ensuring that appropriate policies are in place for people management and compensation for the Chief Executive Officer, senior management and the Board itself.

The role includes responsibility for employee share and option schemes, executive option plans, performance right plans, performance incentive packages, superannuation entitlements, retirement and termination benefits and policies.

3. Membership

Members of this Committee will be appointed by the Board from the non-executive Directors of the Company. The Committee will:

- consist of a majority of non-executive directors;
- be chaired by a non-executive chairperson; and
- have at least three members.

A quorum shall be two non-executive Directors.

The chairperson of the Committee is appointed by the Board.

The duties and responsibilities of a member of the Staff and Remuneration Committee are in addition to those duties as a member of the Board.

4. Attendance at Meetings

The Managing Director/Chief Executive Officer and/or other relevant executives responsible for health & safety and remuneration matters shall attend the meetings in addition to Committee members upon invitation. Other Board members shall also have the right to attend if they wish.

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The Company Secretary shall be the secretary of the Committee and shall minute all relevant discussion and decisions of the Committee.

5. Frequency of Meetings

Meetings of the Committee must be held at least three times a year, with such additional meetings, as the chairperson shall decide in order to fulfil its duties.

The chairperson must call a meeting of the Committee if requested by any member of the Committee, the external auditor, the internal auditor or the chairperson of the board.

6. Conflicts

No member of the Committee will participate in the determination of their own remuneration.

7. Authority of Committee

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any further information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee will have access to all records, property and personnel and all companies within the group.

The Committee is authorised by the Board to obtain outside legal advice or other independent professional advice, and where considered appropriate, appoint duly qualified independent experts to audit the effectiveness of the Company's health and safety management systems.

The Committee is authorised by the Board to obtain whatever internal information is required to recommend appropriate remuneration packages for individuals, and to obtain, where necessary, outside professional advice on compensation programs for executives or directors in the market place.

The Committee has authority to delegate authority to subcommittees.

8. Duties of Committee

Without limiting its scope under its terms of reference, the Committee shall:

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- Periodically review the appropriateness of the Company's health and safety policies.
- Monitor the effectiveness of the Company's health and safety policies and of the Company's health and safety management systems.

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- Monitor and review all aspects of the health and safety risks, which are relevant to the Company's operations.
- Review major initiatives and developments in health and safety areas.
- Receive and consider reports on major changes to the Company's health and safety responsibilities.
- Receive and consider reports on any significant system failure.
- Receive and consider reports on any significant accident or other incident.

Remuneration and Succession Planning

- Recommend to the Board the compensation package for the Managing Director/Chief Executive Officer, including any proposed performance incentive bonuses or performance rights, after due consideration of advice from outside professional bodies that specialise in senior executive packages.
- Review the Managing Director/Chief Executive Officers' recommendations for salary packages of other executives.
- Review and, where appropriate, recommend to the Board performance targets set by the Managing Director/Chief Executive Officer for management and review their performance against those targets.
- Undertake appropriate succession planning for the Managing Director/Chief Executive Officer and key executives.
- Examine the terms and conditions of any performance rights plan or grant, employee share scheme and/or executive option plan proposed by the Company and recommend appropriate action to the Board.
- Review the appropriateness of superannuation payments for the Managing Director/Chief Executive Officer and other senior executives.
- Review the appropriateness of any proposed retirement and/or termination benefits for the Managing Director/Chief Executive Officer and other senior executives.
- Recommend to the Board the preparation of Directors' fees payable to all Board members within the limits set under the Company's constitution.

Diversity

- Review and make recommendations to the Board on any AAco Diversity Policy ensuring that the policy is in line with applicable legislation and governance principles.
- In conjunction with the Nominations Committee, ensure the application of the Diversity Policy to Board appointments and succession.
- Make recommendations to the Board regarding this Policy and strategies to address Board diversity.
- Monitor the application of the Diversity Policy to executive appointments and succession.
- Review and report on the relative proportion of women and men in the AAco workforce.
- Review remuneration by gender.

Compliance

- Review compliance with Federal and State legislation, which impacts on staffing matters.
- Provide input to career development, skills development and continuing education programs for employees.
- Review Staff Policy and Procedures manual on a regular basis with an emphasis on travel on official business, overtime, annual leave, sick leave and long service leave entitlements.
- Regularly report to the Board and address matters of concern or such other matters as the Board may refer to the Staff and Remuneration Committee from time to time.
- Review and update this charter as is considered necessary from time to time and submit any proposed revisions to the Board for consideration and approval.

9. Specific Duty – Engagement of Recruitment Consultants

- In accordance with section 206K of the Corporations Act 2001, the Committee must approve the appointment of any remuneration consultant, before the Company enters into a remuneration consultancy contract with that remuneration consultant.
- As contemplated by sections 206L and 206M of the Corporations Act 2001, the Committee will require that the remuneration consultant:
 - (i) provides any remuneration recommendation directly to either or both of the Committee or the Board, subject to section 9(ii) of this Charter;
 - (ii) does not provide any remuneration recommendation to an executive director, nor to a person who is neither a director of the Company nor a member of the Committee; and
 - (iii) includes with any remuneration recommendation a declaration that the remuneration consultant's recommendation is made free from undue influence by the member or members of the key management personnel to whom the recommendation relates.
- Subject to the above, the Committee will report any remuneration recommendation directly to the non-executive directors of the Company.

10. Committee Performance Evaluation

- The performance of the Committee will be evaluated at least annually.
- This evaluation process will include a review of the appropriateness of the terms of this Charter for current circumstances.
- Where necessary, the Committee may recommend to the Board the formal adoption of a revised Charter for the future operations of the Committee.
- The Committee will report to the Board any other results or outcomes of the evaluation process.

11. Reporting

- The Committee reports to the Board.
- The Committee shall consider at each meeting whether any significant matters should be brought to the attention of the Board.
- The Committee will endeavour to raise these matters in a form and timeframe that assists the Board to discharge its duties effectively.
- The Committee minutes and an update from the Committee chairperson are provided at a following Board meeting.
- Proceedings of all meetings are minuted by the Company Secretary, approved by the Committee and signed by the chairperson of the next meeting. Minutes of meetings are tabled at a following Board meeting.