

AUSTIN ENGINEERING LIMITED

ABN 60 078 480 136

BOARD NOMINATION AND REMUNERATION COMMITTEE CHARTER

1. Membership

1.1. Membership of the Committee shall be two (2) Directors, being non-executive Independent Directors of the Company. The Chairman of the Committee shall be determined by the Board from time to time.

The initial Members of the Committee have not been specified as, for the time being, the role of the Board Nomination and Remuneration Committee shall performed by the members of the Board itself.

1.2 The initial period of appointment shall be for a period of two (2) years from the date of the Committee's first meeting and there after membership shall be reviewed annually by the Board.

1.3 A quorum of members shall be two (2).

2. Definitions

In this Charter the following terms shall have the meaning ascribed to them:

"the Act" means the Corporations Act 2001 (Cwlth) and regulations made pursuant thereto.

"ASX" means the Australian Stock Exchange Limited

"Board" means the Board of Directors of the Company.

"Charter" means the Charter of the Committee.

"Committee" means the Nomination and Remuneration Committee established as a sub-committee of the Board.

"Company" means Austin Engineering Limited, A.B.N 60 078 480 136 and its subsidiaries and associated entities.

"Constitution" means the Constitution of the Company.

"Director" means a director of the Company who has been appointed to the position of director by a resolution of the Board or according to the Constitution or the Act.

"Financial Year" means a period which commences on the first day of the accounting year of the Company and ends on the day immediately preceding the first day of the next succeeding accounting year.

"Independent" in respect of a Member or a Director means a Member or Director as the case may be who complies with the provisions for independence set out in item 2 of *Section 3 "Appointment of Directors"* of the Company's *Board Charter*.

"Listing Rules" means the listing rules of the Australian Stock Exchange Limited as promulgated from time to time for companies admitted to the ASX official list

"Member" means a member of the Committee appointed in accordance with Regulation 1 of the Charter.

"Officer" means an Officer as that term is defined for the purposes of the Act.

"Secretary" means the Secretary of the Committee appointed in accordance with Regulation 8 of the Charter.

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3. Meetings of the Committee

- The Committee may determine its own processes at its first meeting, which shall be documented in the minutes thereof and referred to the Board for ratification.
- The Committee shall meet as and when it determines is necessary to properly fulfil its functions and to further its objectives PROVIDED THAT it meets at least two (2) times in any financial year.
- The Committee shall determine a schedule of regular meetings at its first meeting and at its last meeting of each year thereafter for the following calendar year.
- Although the Committee may conduct its function as it sees fit, formal agendas and minutes shall be prepared for Committee meetings.
- The Committee's meetings shall be convened on motion of the Chairman, two Committee Members or by resolution of the Board. Upon the motion for a meeting, the Secretary shall convene a meeting of Committee Members by formal notice in writing (which may be communicated through electronic means) in reasonable advance time of the meeting to which it relates. Reasonable notice shall be determined by the Committee from time to time but shall be not less than five (5) business days. Every Notice of Meeting shall contain, as well as the date, time, place and method of the meeting, a list of the items to be discussed thereat or reason for the meeting. A formal agenda shall be prepared for each meeting, unless all Members entitled to attend agree to dispense with an agenda, which shall refer to documents to be considered at that meeting. All agendas, papers and other documents shall be circulated to all Members a reasonable time before the holding of the meeting. Reasonable time shall be determined by the Committee from time to time but shall not be less than three (3) business days.
- A quorum of members shall be two (2).
- The Managing Director shall, subject to the operation of Regulation 7 hereof, be an ex officio attendee at Committee meetings but shall not be entitled to vote on any matter.

4. Objectives

The Committee's objectives shall be:

- a. To assist the Board to discharge its responsibility to exercise due care, diligence and skill in relation to:
 - ensuring that the Board analyses and identifies the appropriate and relevant skills, experience and expertise to further and promote the Company and its operations;
 - ensuring that there is an appropriate sharing of the work of the Board amongst suitably qualified and experienced Directors and that there are mechanisms in place to identify any inequitable distribution and bring it to the Board's attention;
 - ensuring that time commitment/requirement of Directors is reasonable and commensurate with the workload expectation and the proper discharge of Directors' duties under the law and Section 2 of the Company's *Board Charter*, specifically the *Responsibilities of the Board*;
 - ensuring the Board is structured and composed in such a way that it has a proper understanding of, and competence to deal with, the current and emerging issues of the business of the Company;
 - ensuring the Board is structured and composed in such a way that it can effectively review and challenge the performance of management and exercise independent judgement;

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4. Objectives (Cont'd)

- ensuring that the performance of the Board, the Chairman, individual Directors and the Managing Director is reviewed at least annually;
 - appropriate remuneration of all Officers of the Company having regard to the performance of the Officer and the Company and level of remuneration for similar Officers in like companies and industries;
 - appropriate remuneration of all senior executive and executive directors having regard to requirement of any listing rule, legislation, regulatory body or other government body;
 - ensuring that the Board and management have in place appropriate succession plans
- b. Improving the efficiency of the Board by delegating tasks to the Committee and thus allowing more time for issues to be discussed in sufficient depth.

5. Functions and Responsibilities

- a. The Committee is a sub-committee of the Board and shall report to and be directly responsible to the Board.
- b. The Committee's function in respect of Board nomination shall be to:
- **review** and assess the skills, experience and expertise of current Directors and review the skills, experience and expertise relevant to the Company's current and likely future business.
 - **prepare** a five (5) year plan for Board skills, experience and expertise match;
 - **review** the time commitment necessary by each Director based on past performance and likely future expected commitment and recommend to the Board the appropriate number of Directors consistent with the Company's future business plans;
 - **formulate**, and subsequently review, a Board succession plan. To this end the Committee shall, subsequent to preparing the five year plan, prepare a draft succession plan for Board review;
 - **evaluate** the performance of the Board and individual Directors;
 - **formulate** a selection methodology and procedure for potential new Director appointment and recommend this to the Board. The Committee shall, once the selection methodology and procedure has been approved by the Board, review the selection procedure on an annual basis having in mind contemporary trends and issues in director selection; and
 - **recommend** to the Board in respect of appointment and removal of Directors. Any recommendation for appointment shall specifically address how and to what extent the appointment bridges any skills, experience and expertise gap identified in the Committee's review on this matter and/or the five year plan and/or is in the best interest of the Company as a whole;
 - **formulate** and review on a regular basis an induction programme for new directors that enables them to participate fully in Board decision-making at the earliest opportunity. The induction programme should enable a new director to gain an understanding of:
 - the Company's financial, strategic, operational and risk management position;
 - their rights, duties and responsibilities;
 - the role of Board committees.
 - carry out other duties as may from time to time be delegated to it by a resolution of the Board.
- c. The Committee shall make **no** recommendation to the Board concerning the appointment of any person unless that person has provided to the Committee a duly completed signed *Consent to Act* in the form approved by the Board from time to time.

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5. Functions and Responsibilities (Cont'd)

- d. The Committee's function in respect of Board performance appraisal shall be to:
- review the performance of the Board, the Chairman, individual Directors and the Managing Director;
 - review the performance of Board Committees, other than this committee;
 - review the appropriateness of Board Committee membership and particularly in respect of skills and competencies match;
 - formulate a methodology and procedure for the evaluation of Board, Committees and management;
 - recommend to the Chairman of the Board an appropriate process for the evaluation of individual Directors
- e. The Committee's function in respect of remuneration shall be to:
- for and on behalf of the Board, administer the remuneration policies determined by the Board from time to time;
 - administer the policies determined by the Board from time to time in respect of the Managing Director's and senior executive remuneration, including executive directors, remuneration;
 - undertake, on behalf of the Board, research into remuneration practices appropriate for the Company, and recommend to the Board in respect of appropriate remuneration criteria and elements thereof for directors, the Managing Director and senior executives;
 - regularly review of and recommendation to the Board in respect of:
 - the remuneration framework of Directors executive remuneration and incentive policies;
 - the remuneration packages of senior management;
 - the Company's recruitment, retention and termination policies and procedures for senior management;
 - incentive schemes;
 - superannuation arrangements; and
 - review Management's succession planning and report to the Board in respect of succession planning within the Company.
- f. Carry out any other duties referred to the Committee by the Board; and
- g. The Committee shall have **no power** to make decisions or to bind the Company or the Board.

6. Recruitment/Appointment of Directors

The Committee shall be free in its considerations concerning the formulation of a recommendation to the Board in respect of the recruitment and/or appointment or reappointment of a Director. Notwithstanding the forgoing, the Committee shall specifically take into consideration the following matters in formulating its recommendation to the Board on the appointment or reappointment of a Director:

- the matters contained in Sections 2 and 3 of the Board Charter;
- commitment that the particular Director/candidate is able to give to the matters of the Company should he be appointed. In considering this matter particular note shall be made of the Director's other directorships, commitments and positions.

7. Powers

- a. The Committee shall have wide ranging powers to seek information, reports, and referrals from any person or entity. Without limiting the foregoing the Committee may seek explanations from the Company and to question any employee of the Company and any consultant or contractor in respect of any matters it considers relevant or incidental to the discharge of its responsibilities and furtherance of its objectives.

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7. Powers (Cont'd)

- b. The Committee may seek advice, reports and other independent counsel as it determines in its absolute discretion is necessary to discharge its responsibilities and furtherance of its objectives.
- c. The Committee may retain the services of, and meet with consultants and advisors "in camera" as it determines.
- d. The Committee may, in its discretion, delegate all or a portion of its function and responsibilities to a sub-committee of the Committee, which shall comprise no less than two (2) Members.
- e. The Committee's powers shall be investigative and advisory only. The Committee shall have **no power to make determinations** on behalf of the Company but shall recommend to the Board on matters for Board determination.

8. Secretary and other Administrative Support

- a. The Committee shall appoint a Secretary to provide administrative support to the Committee.
- b. The Committee may co-opt further administrative and technical support as it determines is necessary or desirable to its proper and efficient performance of its functions and furtherance of its objectives.

9. Reporting to the Board

- a. The Committee shall report to the Board after each Committee meeting. This shall be by way of including in each Board agenda and papers a draft of the Committee's minutes in respect of that meeting.
- b. The Committee Chairman shall further report to the Board annually in respect of its:
 - evaluation of the relevant skills and competencies gap of the Board;
 - formulation and/or review of a succession plan for the Board;
 - formulation and/or review of Board appointment procedure;
 - review of the new Director induction programme;
 - recommendation in respect of remuneration for directors, the Managing Director and senior executives;
 - general recommendation in respect of other remuneration guidelines for management implementation; and
 - review of management's succession plan and any recommendations for Board consideration.
- c. Where it becomes evident to the Committee that a review and/or amendment to the Charter is necessary and/or desirable the Committee shall submit to the Board a recommendation for the Charter to be amended;
- d. The Committee shall present an annual report in respect of its activities in August each year including but not limited to the following matters:
 - summary of the Committee's main responsibilities and rights and whether these were reviewed and altered since the last annual report;
 - biographical details of Committee Members, including Committee appointment date and term of appointment;
 - details of the expertise of Independent Members;
 - Member and related party dealings with the Company;

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9. Reporting to the Board (Cont'd)

- details of any change to the Independent status of individual Members since the last annual report;
- details of the accounting or related financial management experience of members;
- the number of meetings in the year to date since the last annual report, number of meetings each Member was eligible to attend and number of meetings attended by each Member;
- any adverse determination by the Committee regarding the external auditor's independence;
- assessment of whether external reporting was consistent with Committee Members' information and knowledge and was adequate for shareholder needs;
- assessment of the management processes supporting external reporting;
- procedures for the selection and appointment of the external auditors and whether the Committee was of the view that the independence of this function was maintained having regard to the provision of non-audit services;
- assessment of the performance and objectivity of the internal audit function; and
- the results of its review of risk management and internal compliance and control systems.