

People and Remuneration Committee Charter

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People and Remuneration Committee Charter

1. Purpose

1.1 The People and Remuneration Committee (the **Committee**) is a Committee of the Aurizon Holdings Limited (the **Company**) Board (the **Board**). The purpose of the Committee is to review and make recommendations to the Board on the following matters:

- the remuneration policies and practices for Board members and senior executives (including the Managing Director & CEO and Chief Financial Officer of the Company), including termination payments or other benefits;
- compliance with statutory obligations relating to remuneration related disclosures;
- policies, reporting and the exercise of discretion relating to any current and future incentive programs, including executive short and long term incentives;
- remuneration strategy to ensure that it is focussed on driving long term growth; and
- the Company's people, diversity and inclusion policies and practices;

and to undertake any other specific task or functions delegated to the Committee by the Board (including the matters set out in section 5), in each case such that the Company's remuneration policies and practices are designed to:

- enable the Company to attract, retain and motivate Directors, senior executives and employees who will create value for shareholders within an appropriate risk management framework, by providing remuneration packages that are equitable and externally competitive;
- be fair and appropriate having regard to the performance of the Company and the relevant Director, senior executive or employee; and
- comply with relevant legal requirements.

1.2 For the avoidance of doubt, the Committee discharges the above responsibilities in relation to the Company and as applicable, the entities it controls (together, the **Group**).

1.3 The Committee also exercises the administrative powers delegated to it by the Board.

2. Administration

2.1 Membership and Expertise

2.1.1 The Board appoints the members of the Committee. The Committee must be comprised of at least three Board members and only independent non-executive Directors. The Company will disclose the members of the Committee.

2.1.2 The Board may, by resolution, remove and replace members of the Committee.

2.1.3 Each Committee member must:

- have a reasonable knowledge of the Group and possess adequate remuneration, regulatory and industry knowledge to carry out his or her responsibilities as a member of the Committee;
- dedicate the necessary time and attention to Committee meetings;
- have knowledge and maintain awareness of current executive remuneration issues, including structures, quantum, incentive arrangements, executive retention and termination policies;

- have knowledge and monitor awareness of current people management and diversity and inclusion policies and practices; and
 - be free from any interest, business or other relationship which, in the opinion of the Board, could, or could reasonably be perceived to, materially interfere with the exercise of his or her independent judgment as a member of the Committee.
- 2.1.4 Committee members must maintain a reasonable knowledge of current listed company corporate governance practices.
- 2.1.5 The term of service of Committee members will be reviewed by the Committee's Chairman at least annually, with a view to rotating members periodically (if practicable), but without losing the continuity of experience and knowledge gained by the members of the Committee.
- 2.1.6 The members of the Committee elect the Committee's Chairman. The Committee's Chairman must be an independent non-executive Director. If, for a particular Committee meeting, the Committee's Chairman is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect one of their number to be Chairman for the meeting.
- 2.1.7 The Company's Company Secretary (the **Company Secretary**) or with approval of the Committee a delegate of the Company Secretary will be the secretary of the Committee (the **Committee Secretary**).

2.2 Meetings

- 2.2.1 Meetings shall be held as frequently as required to perform its functions, but not less than three (3) times a year. Any member of the Committee, the external auditor, the Head of Risk or the Company's Chairman may require the Committee Secretary to convene a meeting of the Committee. Meetings will be scheduled to correspond with the Company's remuneration review and reporting cycle.
- 2.2.2 Meetings and proceedings of the Committee are governed by the provisions of the Company's Constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this Charter.
- 2.2.3 However, the Committee should seek, to the extent possible, to determine matters before the Committee by consensus.
- 2.2.4 Committee members may attend meetings of the Committee in person or by electronic means.
- 2.2.5 A quorum for any meeting is at least two members of the Committee.
- 2.2.6 The Managing Director & CEO and Head of People and Development may attend all Committee meetings by standing invitation but will have no voting rights and may be asked to leave at any time. The Committee may invite other people including any employee of the Group to attend all or part of its meetings.
- 2.2.7 Any person with a material personal interest in a matter being considered at a meeting must not be present for consideration of that matter.
- 2.2.8 Other members of the Board are entitled to attend Committee meetings.
- 2.2.9 The agenda for meetings is determined by the Committee Chairman in consultation with the Committee Secretary and others as expressly directed by the Committee Chairman. Unless otherwise agreed or considered necessary by the Committee's Chairman, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting documentation will be circulated

by the Committee Secretary to each Committee member and any other individual invited to attend before the meeting.

2.2.10 Reports and other papers of the Committee are available to all members of the Board, subject to the rules in relation to conflict of interests set out in the Board Charter from time to time.

2.2.11 Subject to this section 2.2, decisions of the Committee may be made at a duly called and constituted meeting or otherwise as agreed by all Committee members.

2.2.12 No member of the Committee will participate in the determination of their own remuneration or the specific remuneration policies that are applicable to them.

2.3 Minutes

2.3.1 The Committee Secretary must prepare minutes for each Committee meeting.

2.3.2 The draft minutes of each Committee meeting are to be reviewed by the Committee's Chairman and circulated to all Committee members by the Committee Secretary as soon as practicable after each Committee meeting.

2.3.3 A copy of the Committee minutes, once they have been approved by the Committee, are to be signed by the Committee's Chairman and made available for the Company's Board to view via the Directors' only website as soon as practicable.

3. Authority and resources

3.1 The Committee has full authority and resources to:

- perform the activities required to discharge its responsibilities in this Charter;
- obtain either directly or via the Company Secretary, and at the Company's expense, external independent professional advice (including from external legal and / or remuneration advisors) on terms it deems appropriate and as it considers necessary to meet the Committee's purpose and discharge its responsibilities; and
- have access, subject to the terms of the Board Charter, to any employees or members of management of the Company, and information it considers necessary to perform its duties and responsibilities.

4. Reporting Responsibilities

4.1 The Committee will provide the Board with a copy of the minutes of its meetings as required under section 2.3.3.

4.2 The Committee will report to the Board through its Committee Chairman and will ensure that matters requiring Board attention are notified to the Board.

4.3 The Committee will undertake an annual self-assessment of its performance against the requirements of this Charter and provide that information to the Board, as required under section 6.1.

4.4 At the end of each reporting period, the Board will disclose the number of times the Committee met throughout that reporting period and the individual attendance of each Committee member at those meetings.

5. Responsibilities

Without limiting the responsibilities outlined in section 1, the responsibilities of the Committee include, but are not limited to:

5.1 Remuneration of the Board

- 5.1.1 Monitoring, reviewing and making recommendations to the Board about the remuneration and benefits of non-executive Directors, including, the process by which any pool of directors' fees approved by shareholders is allocated to non-executive Directors, including matters relevant to cessation or termination.
- 5.1.2 Ensuring that all legal and regulatory (including disclosure) requirements in relation to the remuneration of Directors are satisfied in full.

5.2 Performance and remuneration of Managing Director & CEO

- 5.2.1 Monitoring, reviewing and making recommendations to the Board on the performance measures for the Managing Director & CEO.
- 5.2.2 Making recommendations to the Board on the terms and conditions of the Managing Director & CEO's employment contract, remuneration and other benefits, including matters related to the cessation or termination.
- 5.2.3 Reviewing the Managing Director & CEO's employment contract, remuneration and other benefits annually.
- 5.2.4 Assisting the Chairman of the Board by monitoring the performance of the Managing Director & CEO and, at least annually, undertaking a formal review of the Managing Director & CEO's performance against agreed performance measures, considering the Managing Director & CEO's remuneration and entitlement to performance-based remuneration / incentives and reporting its findings and recommendations to the Board.
- 5.2.5 Ensuring any amendments to the employment terms and conditions of the Managing Director & CEO are disclosed in accordance with any legal or regulatory requirements.

5.3 Performance and remuneration of Key Management Personnel

- 5.3.1 Monitoring and approving the performance review process for Key Management Personnel (including the Company Secretary).
- 5.3.2 Considering the results of the Managing Director & CEO's annual performance review of Key Management Personnel.
- 5.3.3 Annually reviewing the key accountabilities, performance measures, and employment and remuneration terms for Key Management Personnel and making recommendations to the Board.

5.4 Remuneration strategies, practices and disclosures generally

- 5.4.1 Reviewing and making recommendations to the Board relating to the overall remuneration strategies, policies and practices, including compensation, incentives, equity-based plans, superannuation and the process for the measurement and assessment of performance.
- 5.4.2 Monitoring the effectiveness of the Group's overall remuneration framework in achieving stated objectives.
- 5.4.3 Considering the annual advisory vote on the adoption of the remuneration report at the Company's Annual General Meeting.
- 5.4.4 Reviewing the recruitment, retention and termination policies for the Managing Director & CEO and other senior executives, and any changes to those policies.
- 5.4.5 Confirming that the Company's remuneration and related disclosures comply with relevant legal and regulatory obligations (including the Committee's policies and

practices regarding the remuneration of non-executive Directors and the remuneration of the Managing Director & CEO and other senior executives).

- 5.4.6 Reviewing materials from management and providing recommendations to the Board regarding legislative, regulatory or market developments likely to have a significant impact on the Company and legislative compliance in relation to employment issues.
- 5.4.7 Reviewing materials from management and providing recommendations to the Board regarding remuneration trends across the Group, including the trends in base pay for senior executives relative to that of all Group employees, and remuneration by gender.
- 5.4.8 Monitoring and providing recommendations to the Board regarding major changes to employee benefits structures in the Group.
- 5.5 **Employee incentive plans**
 - 5.5.1 Reviewing and approving the terms (including any eligibility criteria and performance hurdles) of all employee equity or other incentive schemes or plans.
 - 5.5.2 Considering whether shareholder approval is required or desirable for the schemes or plans and for any changes to any of them.
 - 5.5.2 Where shareholders have approved an equity based executive remuneration plan, ensuring that payment is made in accordance with that approval and/or plan.
 - 5.5.3 Overseeing the administration of all schemes or plans (including compliance with applicable laws that restrict participants from hedging the economic risk of their security holdings) and disclosing its policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme or plan.
 - 5.5.4 Exercising all other powers, authorities, discretions and decisions relating to relevant schemes or plans delegated to the Committee by the Board.
 - 5.5.5 Considering and making recommendations to the Board on the exercise of the Board's discretion on the issue of rights, invitations to participate, or other benefits proposed to be conferred under relevant schemes or plans, and in doing so having regard to the individual's conduct against the Company's values and code of conduct.
- 5.6 **Diversity and Inclusion**
 - 5.6.1 Monitoring, reviewing and approving the Company's diversity and inclusion policies and practices.
 - 5.6.2 Setting measurable objectives for achieving diversity and annually assessing the objectives and progress in achieving them.
- 5.7 **People**
 - 5.7.1 Reviewing the Company's people policies and practices generally including employee relations, talent management and organisational capability and culture.
- 5.8 **General**
 - 5.8.1 In fulfilling these responsibilities, the Committee will monitor and facilitate that:
 - a clear distinction is maintained between the structure of non-executive Directors' remuneration and that of the Managing Director & CEO and other senior executives;
 - a proportion of the Managing Director & CEO's and senior executives' remuneration is structured in a manner designed to link rewards to corporate and

individual performance (reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals);

- any engagement of a remuneration consultant is approved by the Board or the Committee and the remuneration consultant must report its recommendation directly to either or both of the members of the Board (other than the Managing Director & CEO) or members of this Committee;
- the Committee and the Board are satisfied with the arrangements put in place to facilitate the provision by a remuneration consultant of remuneration recommendations free from undue influence from any member of the key management personnel to whom the recommendation relates; and
- the Committee will provide the Board with information sufficient to enable the Board to make an informed decision in relation to the Committee's recommendations.

6. Review of the Committee Performance and Charter

- 6.1 The Committee will review at least annually, its performance, its membership and Charter and make recommendations as it sees fit to the Board.
- 6.2 The performance evaluation will have regard to the extent to which it has met its responsibilities as set out in this Charter.
- 6.3 This Charter may be amended by resolution of the Board and will be available on the Company's website.