



# **REMUNERATION & NOMINATION COMMITTEE CHARTER**

VERSION 5

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# **BANK OF SOUTH PACIFIC LIMITED REMUNERATION AND NOMINATION COMMITTEE CHARTER**

## **Overall Purpose / Objectives**

The Remuneration and Nomination Committee ("R & NC") of the Bank of South Pacific Limited ("BSP or the Company") will assist the Board in fulfilling its oversight responsibilities.

The responsibilities of the R & NC are:

1. To oversee the selection and appointment of a Managing Director ("MD"), and setting of an appropriate remuneration and benefits package for recommendation to the full Board.
2. To determine and review appropriate remuneration and benefits of directors for recommendation to the full board, and subsequently to the shareholders.
3. In conjunction with the MD, identify and maintain a clear succession plan for the Executive Management Team, ensuring an appropriate mix of skills and experience as well as appropriate remuneration and benefits packages are in place and reviewed regularly.
4. To ensure that the Board itself maintains an appropriate mix of skills and experience necessary to fulfill its responsibilities to shareholders while maintaining a world class Corporate Governance regime.

In performing its duties, the R & NC will maintain effective working relationship with the Board and management. To perform his or her role effectively, each committee member will obtain an understanding of the detailed responsibilities of committee membership.

## **Authority**

The Board authorises the R&NC, within the scope of its responsibilities, to:

5. Seek any information it requires from external parties and or any employee (and all employees are directed to co-operate with any request made by the R&NC).

6. Obtain outside legal or other professional advice.
7. Ensure the attendance of company officers at scheduled committee meetings as appropriate.

## **Organisation**

### ***Membership***

The Committee will comprise of three non-executive Directors. Wherever possible these directors should be independent.

Each member should be capable of making a valuable contribution to the committee.

8. The Chairman of the Committee shall be one of the independent directors of the Board other than the Chairman of the Board.
9. A quorum for any meeting will be two members.
10. The secretary of the committee shall be the Corporate Secretary or such other person as nominated by the Committee.
11. The MD shall be available to attend all meetings at the invitation of the Committee Chairman.

### ***Attendance at Meetings***

12. The Committee may invite such other Senior Management Personnel to its meetings, as it deems appropriate.
13. Meetings shall be held as necessary in order to fulfill its responsibilities but no less than once a year, with the schedules for such meetings established in conjunction with the establishment of Board Meeting schedules.
14. Special meetings may be convened as required at the discretion of the Chairman.

## **Roles and Responsibilities**

The Committee will:

## **Corporate Governance**

15. Maintain an awareness of current “world class” Corporate Governance standards; periodically review the company’s stated principles against such standards and recommend to the Board any amendments that it deems appropriate from time to time.
16. Receive, review and consent or otherwise to Directors requests for approval to accept Directorships on the Board of other companies.
17. Review the performance of the three Company Management Committees, namely the Executive Management Committee, Assets and Liabilities Committee, and the Credit Committee sufficient to be satisfied that delegated authorities have not been breached and ethical standards and corporate governance principles have been maintained in the functioning of these committees.
18. Receive and review any alleged breaches of the Code of Conduct applicable to Directors and Executive Management Team.
19. Evaluate whether management is setting the appropriate Corporate Governance culture by communicating the importance of ongoing ethical behaviour being maintained at all employee levels.

## **Appointment of New Directors**

20. Approximately six months prior to the company’s Annual General Meeting, review the composition of the Board in respect to:
  - (a) those Directors due to retire by rotation at the following Annual General Meeting in accordance with the provisions of the Constitution, and or;
  - (b) those Directors due to retire in accordance with the Company’s age limit policy, and or;
  - (c) any Directors resignation, or intended resignation, and or;
  - (d) the mix of skills and experience of remaining Directors, and or;
  - (e) the need to maintain a degree of continuity within the Board, and or;

- (f) company policy relating to institutional shareholders having no automatic right to a seat on the Board.

21. Resulting from such review, prepare and submit a recommendation to the Board:

- (a) as to the Boards position relating to its endorsement or otherwise of the Directors retiring by rotation, and;
- (b) as to the need or otherwise for the Board to make one or more appointments at or prior to the next company Annual General Meeting, and ;
- (c) the preferred background and or expertise to be sought in nominees.

22. On acceptance of the Committees' recommendations by the Board (in its original or amended form) the Committee shall proceed, in the manner it shall determine, to:

- (a) Without gender bias, identify potential nominees ensuring in the first instance that no apparent conflict of interest exists.
- (b) If so determined by the Committee, seek independent advice as to the potential nominees identified to suit the criteria established and or to identify other potential nominees.
- (c) Prepare and submit to the Board a short list of nominees in order of preference established by the Committee for preliminary ratification or otherwise by the Board.
- (d) Seek all appropriate and relevant information on a confidential basis from Board ratified nominees and arrange that such material be submitted to the Central Bank, and thereafter receive confirmation or otherwise from the Central Bank that its nominees meet the "fit and proper person" criteria.
- (e) Provide the Board with the name/s of acceptable nominees so that it may proceed to effect the appointment appropriate at the time in accordance with the Constitution.

### **Succession Planning – Executive Management Team**

23. At a minimum of at least once each year and or subsequent to any major change to the Organisational Structure of the company, receive from and review with the

MD, a succession plan encompassing all Senior Executive Management positions. The Committee shall satisfy itself that such plans

- (a) incorporate appropriate training and or “job exposure” strategies
- (b) will at a minimum, maintain the level of skills, experience and expertise within the senior management ranks of the company in the event of non-renewal of contracts, resignations and or terminations.

24. Ensures through the MD that Management maintains and routinely reviews a full and detailed succession plan for all management levels throughout the company.

### **Appointment, Remuneration and Termination of Senior Executive Employees**

25. Receive and endorse positions/titles recommended by the MD from time to time, which are to be identified as Senior Executive Management positions for the purpose of applying this Committee’s Charter.

26. Review the procedures in place to ensure that all new senior executive appointees are adequately qualified and experienced, and that proper recruitment procedures are followed.

27. Review and make recommendations to the Board on the appointment and terms and conditions of employment to all senior company executive positions.

28. Review and approve all termination arrangements for such senior executives.

29. Review transactions between the Company and any of the Directors or relevant senior executives.

30. Review and make recommendations to the Board on employee remuneration and benefits policies and practices generally.

31. Engage external consultants as and when deemed appropriate to benchmark remuneration packages for senior executives and senior management personnel.

### **Reporting Responsibilities**

32. Regularly update the Board about committee activities and make appropriate recommendations

33. Ensure the Board is aware of matters in a timely manner, which may significantly impact on Corporate Governance, appointment of and remuneration for Senior Executive positions within the company together with matters relevant to appointments of Directors.
34. Ensure any share option agreements with Senior Executive are approved by shareholders and disclosed in financial statements. Appropriate accounting treatment for expensing of options are to be adhered to.

### **Other Responsibilities**

35. Perform other oversight functions as delegated and or requested by the Board.
36. Review this Charter from time to time and recommend any proposed amendments to the Board for approval.
37. Evaluate the committees' own performance on a regular basis.