

# **SeaDragon Limited**

## **Remuneration and Nomination Committee Charter**

**Adopted on: 30 May 2018**



### **Purpose and Objectives**

The Board of Directors (the “**Board**”) of SeaDragon Limited (“**SeaDragon**”) has established the Remuneration and Nomination Committee (“**Committee**”).

The objectives of the Committee are to:

- establish a clear framework for oversight and management of SeaDragon’s remuneration structures, policies, procedures and practices;
- consider and recommend new appointments to the Board and oversee management succession planning;
- consider and recommend the appointment, remuneration and evaluation of the Chief Executive Officer (“**CEO**”) and succession planning in relation to him/her;
- assist the Board to fairly and responsibly reward the directors of SeaDragon (“**Directors**”), the senior management team of SeaDragon (“**Senior Management**”) and other employees of SeaDragon having regard to their individual performance, SeaDragon’s performance in the market and the external pay environment;
- assist the Board to put in place, and adhere to, policies, procedures and practices to ensure compliance with all laws, rules and regulations applicable to SeaDragon and the Directors, including the Companies Act 1993 (“**Companies Act**”), the constitution of SeaDragon (“**Constitution**”), the listing rules of NZX Limited (“**NZX**”) (the “**Listing Rules**”) and the Board Charter; and
- review the composition of the Board annually and where necessary, seek assistance from external advisors in connection with the suitability of current or new board members.

Director and Senior Management remuneration and incentive policies and practices must be performance-based and aligned with SeaDragon’s vision, values and overall business objectives.

### **Authority**

The Board authorises the Committee, within the scope of its role and responsibilities, to:

- perform its activities in accordance with this Charter;
- ensure that SeaDragon achieves and fulfils the role of a good employer, through the establishment of effective policies and procedures to achieve a skilled and motivated workforce to enable SeaDragon to attract, develop and retain people at all levels of SeaDragon’s business;
- define the respective roles and responsibilities of the Board and Senior Management (in accordance with the Board Charter and the Constitution);
- see there are in place proper procedures for dealing with concerns of employees, complaints, performance and disciplinary matters;
- request the attendance of any Company employee, including the CEO, at Committee meetings;
- obtain independent legal or other professional advice, as considered necessary to meet its obligations, at SeaDragon’s expense (subject to the approval of the Chair of the Board); and
- have direct access to the resources and information of SeaDragon as it may reasonably require.

### **Composition and tenure**

The Committee will consist of the Chair, CEO and two non-executive Directors of the Board, a majority of whom must be an Independent Director of the Board. The Board will appoint the Chair of the Committee.

Members of the Committee shall be appointed for an initial two year term after which they may be re-appointed annually at the Board’s discretion.

Any Company employee, as nominated by the CEO and approved by the Chair of the Committee, will act as secretary to the Committee (“**Secretary**”).

The members of the Committee will have a broad range of skills and experience relevant to the operations of SeaDragon. At least one member of the Committee should have listed company experience with an understanding of applicable board responsibilities.

### **Meetings**

Members of the Committee are expected to attend every meeting of the Committee.

A quorum for a meeting will consist of a majority of Committee members, meaning that at least half of the total number of Committee members must be present at the meeting.

All Board members are entitled to attend meetings. The Human Resources Manager may be invited to attend such meeting (as required). The Committee may invite other people (Chief Financial Officer/Commercial Manager and the other Directors) to attend meetings or participate in certain agenda items as the Committee considers necessary. In particular, the Chief Financial Officer/Commercial Manager may be invited to attend Committee meetings to participate in specific discussions or provide strategic briefings to the Committee.

The Committee will meet as scheduled from time to time, or at any time where there are issues or matters requiring urgent attention.

The Secretary of the Committee will be responsible for drafting and circulating the agenda and explanatory papers within a reasonable time before each meeting. The Secretary will also circulate the minutes of the meetings to the Board, members of the Committee, and the external auditor where appropriate based on advice provided by the Chair.

Meetings can be held in person, by telephone, or by video conference.

### **Role and responsibilities**

The Committee does not remove from the full Board any of its responsibilities and legal obligations. The Committee is established to assist the Board in the conduct of its responsibilities and will report back to the full Board on all material matters and issues requiring decisions in principle.

The Committee is directly responsible and accountable to the Board for the exercise of its responsibilities.

The Committee assists the Board in fulfilling its responsibility for oversight and management of SeaDragon's remuneration and nomination structures, policies, procedures and practices.

The Committee is not responsible in any way for hiring or employing any officers or employees of SeaDragon. This is the responsibility of Senior Management.

The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the Board from time to time.

### **CEO and Senior Management**

The Committee's responsibilities are to:

- review candidates to be appointed to the position of CEO, with the ultimate selection to be made by the full Board;
- set the remuneration and compensation for the CEO;
- set key performance objectives for the CEO, and review and evaluate the performance of the CEO against those objectives;
- review employment agreements for the CEO and Senior Management;
- oversee compensation and performance policies for Senior Management;
- approve the CEO's recommendations regarding compensation and the performance of members of Senior Management;
- undertake succession planning processes for positions within Senior Management and other critical positions.

### **Board of directors**

The Committee's responsibilities are to consider and recommend new appointments to the Board.

The Committee will endeavour to ensure that the Board is in compliance with the Constitution, the Companies Act, the Listing Rules and the Board Charter.

The Committee will assist the Board to put in place processes to review the performance of the Board and individual Directors on a regular basis (at least every two years).

### **Remuneration**

The Committee's responsibilities are to:

- review and agree SeaDragon's strategic remuneration policy against this Charter;
- review the structure of remuneration for the Chair of the Board, Chairs of Board Committees and non-executive Directors;
- review non-executive Directors' remuneration having regard to any relevant factors and recommending to the Board changes to non-executive Director remuneration, such changes to be subject to shareholder approval, as appropriate;
- review and approve Board, Director, and Senior Management remuneration and incentive policies and practices in line with relevant legislation and corporate governance principles relating to remuneration practices and employment policies, including the process by which any pool of Directors' fees approved by shareholders is allocated to Directors;
- consider and approve each executive Director's total remuneration having regard to executive remuneration and incentive policies;
- determine if shareholder approval is required for any change to the remuneration of Directors or Senior Management;
- review and approve on behalf of the Board any report on executive remuneration that may be required and report to the Board as appropriate;
- review superannuation arrangements for Directors, Senior Management and other employees;
- if SeaDragon has an equity incentive plan, ensure SeaDragon:
  - has a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) that limit the economic risk of participating in the scheme; and
  - discloses that policy or a summary of it; and
- conduct an annual audit to ensure that remuneration practices are consistent with the policies of the Board, the Board Charter, the Constitution and remain aligned with best practice for organisations similar to SeaDragon.
- Review annually the Directors expenses that have been reimbursed to ensure these are reasonable.

### **Board Nominations**

The Committees responsibilities in relation to Board nominations are:

- being responsible for and disclosing a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.
- identifying and assessing the necessary and desirable competencies and characteristics for Board membership, including:
  - skills, expertise and background that add to and complement the range of skills, expertise and background of the existing Directors;
  - diversity; and
  - the extent to which the candidate would fill a present need on the Board;
- establishing processes for identifying suitable candidates for appointment to the Board, aiming at an appropriate mix of expertise, experience and succession;

- to oversee that SeaDragon:
  - develops and discloses a Board appointment process, which includes selection criteria having regard to the skills and experience outlined in SeaDragon's Diversity Policy and the selection process for Senior Management positions;
  - undertakes appropriate checks before appointing a person, or putting forward to its shareholders a candidate for election, as a Director, including checks as to a candidate's character, expertise, education, criminal record and bankruptcy history;
  - provides its shareholders with all material information relevant to a decision about whether or not to elect or re-elect a Director (including information regarding independence);
  - has a written agreement with each Director and member of Senior Management setting out the terms of his or her engagement or employment;
  - has and discloses a process for periodically evaluating the performance of the Board, its committees and individual Directors;
  - discloses in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with Company process;
  - has and discloses a process for periodically evaluating the performance of its Senior Management;
  - discloses in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process;
  - has, and discloses a summary of the main features of, a programme for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively, particularly in relation to accounting and changes in accounting standards; and
- see that succession plans for Board and Senior Management are at place; and
- recommending the removal of Directors from the Board.

### **Remuneration packages**

In respect of executive remuneration, remuneration packages should include an appropriate balance of fixed and performance-based remuneration and may contain any or all of the following:

- **fixed remuneration** – this should:
  - be fair and reasonable;
  - take into account SeaDragon's legal and industrial obligations and market conditions;
  - be relative to the scale of SeaDragon's business; and
  - reflect core performance requirements and expectations;
- **performance-based remuneration** – this should:
  - take into account individual and corporate performance; and
  - be linked to clearly-specified performance targets, which should be:
    - aligned to SeaDragon's short and long-term performance objectives; and
    - appropriate to its circumstances, goals and risk appetite;
- **equity-based remuneration** – this can include options or performance shares and is especially effective when linked to SeaDragon's longer-term performance objectives. However, they should be designed so that they do not lead to 'short-termism' on the part of Senior Management (including executive Directors) or the taking of undue risks; and
- **termination payments** – subject to all applicable laws and the Listing Rules, these should be agreed in advance (where practicable) and any agreement should clearly address what will happen in the case of early termination. There should be no payment for removal for misconduct.

In respect of non-executive Director remuneration, remuneration packages could contain cash fees, superannuation contributions and non-cash benefits in lieu of fees (such as salary sacrifice into superannuation or equity) and may contain any or all of the following:

- **fixed remuneration** – this should reflect the time commitment and responsibilities of the role;
- performance-based remuneration – non-executive Directors should not receive performance-based remuneration as it may lead to bias in their decision-making and compromise their independence;
- **equity-based remuneration** – non-executive Directors can receive an initial allocation of fully-paid ordinary securities if shareholders have approved such an allocation in accordance with and to the extent

required by the Listing Rules. However, non-executive Directors generally should not receive options or performance shares as part of their remuneration as it may lead to bias in their decision-making and compromise their independence; and

- **termination payments** – non-executive Directors should not be provided with retirement benefits other than superannuation.

Remuneration will be reviewed on at least an annual basis with consideration given to individuals' performance and their contribution to SeaDragon's success (against measurable key performance indicators), market conditions, shareholders' interests and desired market positioning.

In the event it is proposed that a non-executive director receives a retirement package, such payment should be agreed in advance by the shareholders and publicly disclosed during his or her term of Board Service.

#### **Responsibilities of Committee members**

Members of the Committee are expected to:

- contribute the time needed to study and understand the papers provided;
- apply good analytical skills, objectivity, and good judgement;
- act in good faith and in what they believe is in the best interests of SeaDragon; and
- express opinions frankly, ask questions that go to the core of the issue, and pursue independent lines of enquiry.

#### **Reporting**

The Committee will regularly, but at least once a year, report to the Board on its operation and activities during the year. The report should include a summary of the work the Committee performed to fully discharge its responsibilities during the preceding year.

The Committee will report to the Board as appropriate on any substantive matters raised and addressed by the Committee. In addition, Committee members may request a meeting with the Board at any time.

#### **Administrative arrangements**

The Committee will evaluate its own performance and the performance of its members both collectively and individually on a regular basis. The assessment will focus on the achievement of the duties set out in this Charter, and the Committee will report the findings to the Board.

The Committee may seek any information that it considers necessary to fulfil its responsibilities.

The Committee may access Senior Management to seek explanations and information from those employees at SeaDragon's expense. The Committee may also seek independent professional advice from appropriate external advisers at SeaDragon's expense. The Committee may meet with those external advisers without Senior Management being present.

#### **Application of Charter**

The Board has approved this Charter. The Board may approve updates, amendments to and exemptions to this Charter from time to time.

To the extent of any inconsistency with any previous Charter relating to this subject matter, this Charter prevails over them.

#### **Authorisation**

This SeaDragon Remuneration and Nomination Committee Charter have been approved by the Board on 30 May 2018.