



APPOINTMENTS & COMPENSATION COMMITTEE CHARTER



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Appointments & Compensation Committee Charter

1. PURPOSE

- 1.1 The Appointments & Compensation Committee is a committee of Board. The Committee does not have the executive powers to commit the Board or Management to its recommendations except where authorised by a resolution of the Board.
- 1.2 The Committee's primary functions are to provide support and advice to the Board on:
- (a) (*Appointments*) To formulate policy for board composition, renewal and evaluation;
 - (b) (*Compensation*) The level and composition of remuneration; disclosure of remuneration policies, level and mix of remuneration; and the process for setting remuneration and assessing performance;
 - (c) (*Diversity*) To support the principles of diversity at the Board and senior management levels and through out the business having regard to the ASX corporate governance principles and in accordance with other regulatory requirements; and
 - (d) (*Goals and values*) Ensuring that (a) (b) and (c) are consistent with and promote Ovato's business goals and values.

2. APPOINTMENT DUTIES

- 2.1 In making the recommendations to the Board in relation to the matters set out in section 2.2, the Committee will have regard to ASX Corporate Governance Council Principle 2 "Structure the Board to Add Value".
- 2.2 The Committee is responsible for making recommendations to the Board in relation to:
- (a) the appropriate size and composition of the Board;
 - (b) setting a formal and transparent procedure for identifying and selecting candidates for the Board in the context of the Board's existing composition and structure to ensure an appropriate mix of expertise, experience and succession;
 - (c) recommending the appointment and re-election of directors;
 - (d) identifying, assessing, and enhancing director competencies;
 - (e) succession planning for the Board and regular review of the plan;
 - (f) the time required from a non-executive director and whether directors of the Board are meeting this requirement;
 - (g) the development and implementation of a process for evaluating the performance of the Board, its committees and directors;
 - (h) induction programmes for new directors and continuing professional development programs for directors and members of senior management;
 - (i) Ovato's recruitment, retention, and termination policies and procedures for senior management;



- (j) Reviewing succession planning for the chief executive officer (“CEO”) and other senior management.

2.3 The Committee is responsible for making recommendations to the Board in relation to the appointment and termination of the “CEO”.

3. **COMPENSATION DUTIES**

3.1 In making the recommendations to the Board in relation to the matters set out in section 3.2, the Committee will have regard to the objective of Ovato to ensure that it:

- (a) has coherent remuneration policies and practices to attract, motivate and retain executives and directors who will create value for shareholders and who are appropriately skilled and diverse;
- (b) observes those remuneration policies and practices; and
- (c) fairly and responsibly rewards executives having regard to Ovato and individual performance and the general external pay environment.

3.2 The Committee is responsible for making recommendations to the Board in relation to:

- (a) the compensation and key performance targets for the CEO and assisting in the CEO’s annual performance review;
- (b) on the proposed remuneration and key performance targets for CEO’s direct reports;
- (c) review and payment of annual incentives for the CEO and the CEO’s direct reports;
- (d) the design of any long term equity based incentive plan
- (e) review and issue of rights to participants under any equity based incentive plan;
- (f) remuneration framework for directors, including the process by which any pool of directors’ fees approved by security holders is allocated to directors;
- (g) determining whether shareholder approval is needed for any change to remuneration of directors or executives;
- (h) incentive schemes (including the benchmarking of short and long term incentive schemes for market relativity);
- (i) superannuation arrangements for directors, senior executives or other employees;
- (j) whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees.

3.3 The Committee is responsible for ensuring all dealings with remuneration consultants comply with the requirements of the Corporations Act and in doing so:

- (a) considering the circumstances under which external remuneration advice may be sought;



- (b) developing a policy for dealing with remuneration consultants; and
- (c) implementing a process for reviewing and approving all engagement documents with external remuneration advisors.

4. DIVERSITY DUTIES

4.1 The Committee is responsible for making recommendations to the Board in relation to:

- (a) the Ovato Workforce Diversity Policy ensuring the Policy is in line with applicable legislation and governance principles;
- (b) the application of the Workforce Diversity Policy to Board appointments and succession planning.
- (c) regarding this policy and strategies to address Board diversity.

4.2 The Committee is responsible for the monitoring of the application of the Workforce Diversity Policy to executive appointments and succession.

4.3 The Committee is responsible for reviewing remuneration by gender.

5. MEMBERSHIP AND TERM

5.1 The Committee shall consist of a minimum of 2 non-executive directors. Where the Committee consists of more than 2 members, the majority must be non-executive directors.

5.2 The term of appointment to the Committee shall be determined by the Board.

5.3 A quorum shall be two members or any greater number determined by the Committee from time to time.

5.4 The duties and responsibilities of a member of the Committee shall be in addition to those duties set out for a director of the Board.

6. CHAIR

6.1 The Chair of the Committee is appointed by the Board. Should the Chair be absent from a meeting, the members of the Committee present at the meeting shall choose one of the other members of the Committee to Chair that particular meeting.

7. FREQUENCY OF MEETINGS

7.1 The Chair will call a meeting of the Committee if so requested by any member of the Committee.

7.2 The Committee shall meet as required and at least three times per calendar year.

8. COMMITTEE MEMBERS' INTERESTS

8.1 A member of the Committee is not entitled to be present when his or her own salary or fee is discussed at a meeting or when his/her performance is being evaluated.



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9. SECRETARY

9.1 The Company Secretary or Deputy Secretary of Ovato Limited shall act as Secretary of the Committee.

10. VOTING

10.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of directors' present and voting.

10.2 Where the Committee is unable to reach a decision on a matter, the Chair of the Committee shall report this to the Board for resolution.

11. ACCESS

11.1 The Committee shall have direct access to Ovato's Officers and advisers, both external and internal, and shall have the authority to seek whatever independent, professional or other advice or Company information it requires in order to assist it in meeting its responsibilities from outside the company.

12. REPORTING

12.1 Proceedings of all meetings are minuted and signed by the Chair or the chair of the Committee. Minutes of all Committee meetings will be provided to the subsequent Board and Committee meeting.

13. REVIEW OF CHARTER

13.1 This charter is to be reviewed by the Board to ensure it remains consistent with Board's objectives and responsibilities.

14. PUBLICATION OF CHARTER

14.1 A copy of this charter is available at www.ovato.com.au. The charter is to be made available to shareholders of Ovato Group upon request.