



Tower Limited

Remuneration and Appointments Committee Terms of Reference

September 2020

1. Background

- 1.1 The Board of directors of Tower Limited (the "Board") has delegated to the Remuneration and Appointments Committee (the "Committee") the responsibility to make recommendations in respect of the appointment and remuneration of Directors and related matters.
- 1.2 The Committee is a sub-committee of the Board. The Committee has no decision-making powers except where expressly provided by the Board; its role is to make recommendations to the Board.
- 1.3 These Terms of Reference govern the Committee and replace any prior terms of reference and similar governing documents.
- 1.4 Terms used in these Terms of Reference have the meaning given to them in the Charter of the Board unless the context indicates otherwise.

2. Constitution

- 2.1 Provisions of Tower Limited's Constitution relating to meetings and proceedings and quorum of Directors shall, so far as not altered by these Terms of Reference, apply to the Committee.

3. Functions and objectives

- 3.1 The primary function and objective of the Committee is to assist and advise the Board in relation to:
 - performance management and appraisals for individual Directors' performance and any training requirements;
 - performance evaluations of the Board Committees and the Board as a whole;
 - review of Directorships in terms of ongoing compliance with requirements for independence as set out in the NZX Listing Rules, NZX Corporate Governance Code and Reserve Bank of New Zealand's requirements for independence;
 - the Board's composition (including range of skills, knowledge and experience), structure and succession planning;
 - criteria for the selection of Directors (the Committee may adopt a skills matrix to assist with this process);
 - identifying individuals for nomination to the Board based on these criteria;
 - an induction process for new Directors;
 - the removal of Directors, subject to Tower Limited's constitution;
 - non-Executive Directors' remuneration and the payment of other Directors' fees (if any);
 - Board Committee Members' fees;
 - appraisals of the Chief Executive Officer;
 - supervision of any staff or executive share and incentive schemes;
 - review the Chief Executive Officer's recommendations as to the appointment and remuneration of senior executives;
 - developing and monitoring Tower Limited's corporate governance principles, policies and practices;

- setting and reviewing the measurable objectives for improving gender (and other forms of) diversity under Tower Limited's diversity policy; and
 - any other matter referred to it by the Board.
- 3.2 The Committee will formally review these Terms of Reference every two years and confirm to the Board their appropriateness. Where changes are required, these will be recommended to the Board for approval.

4. Nomination and appointment of directors

- 4.1 The Committee is responsible for the nomination and appointment of directors to the Board. The general procedure for nomination and appointment of directors will be as follows:
- 4.1.1 Board Chair will enlist a reputable recruitment company to identify potential candidates. A recruitment company should use any skills matrix adopted by the Committee or Board to assist with this process.
 - 4.1.2 Upon identification of suitable candidates, their CV, biographical details and other relevant information will be circulated to the Committee for discussion.
 - 4.1.3 Committee will agree whether to progress the candidate and Corporate Governance Counsel will undertake appropriate checks in accordance with Tower Limited's Fit and Proper Policy (including character, experience, education, criminal and bankruptcy checks).
 - 4.1.4 Results of relevant checks are provided to the Committee who will make a recommendation to the Board on the candidate's appointment.
 - 4.1.5 Corporate Governance Counsel will complete all required appointment documentation, including written agreements with the new director, and will arrange for the new director to complete Tower Limited's director induction process.
 - 4.1.6 The director will stand for election at the next Annual Shareholder meeting in accordance with the requirements of the NZX Listing Rules.
 - 4.1.7 Prior to the appointment of a director and on an on-going basis the Committee will ensure the requirements for independence as set out in guidance issued by the Reserve Bank of New Zealand and in the NZX Listing Rules and NZX Corporate Governance Code are met including having regard to the non-exhaustive factors in the NZX Corporate Governance Code that may impact director independence..

5. Remuneration of directors and senior management

- 5.1 The Committee is responsible for recommending remuneration packages for directors, for consideration by shareholders. Any director remuneration package will be clearly expressed to shareholders, including an explanation of the reasons for that compensation. Director and CEO remuneration will be clearly disclosed in Tower Limited's annual report in accordance with relevant NZX requirements.
- 5.2 The Committee is responsible for recommending to the Board a policy for remuneration of directors and officers. The Committee may recommend that the Board engage a reputable and independent consultant when developing this policy.

6. Membership

- 6.1 The Board will annually review and confirm the membership and chairmanship of the Committee, which shall be comprised of a minimum of three suitably qualified Non-Executive Directors, the majority of which are independent.
- 6.2 The Chief Executive Officer will not be a member of the Committee.
- 6.3 New Committee members will undertake a robust orientation process to enable them to understand their role and responsibilities. Ongoing training will be provided as required.
- 6.4 Election and removal of Committee members will be the responsibility of the Board and will occur by majority vote.
- 6.5 The Committee Chair will be appointed by the Board and will be an independent Non-Executive Director.
- 6.6 Non-Executive Directors sitting on the Committee may be remunerated for their services if the Board decides remuneration is appropriate. Such remuneration will be included in the shareholder approved remuneration cap.

7. Secretarial and meetings

- 7.1 The Committee shall meet on such occasions as the Committee Chair considers necessary.
- 7.2 In addition, the Committee Chair can call a meeting of the Committee at his/her discretion or if requested to do so by any Committee member.
- 7.3 Any Non-Executive Director of the Board may attend a meeting by invitation of the Committee Chair (on a non-remunerated basis).
- 7.4 The Committee may require the attendance of any other members of management at a Committee meeting as it deems necessary to provide additional information and explanations. Management may attend meetings by invitation only.
- 7.5 Reasonable notice of meetings and the business to be conducted will be given to members, along with briefing materials.
- 7.6 The quorum for any Committee meeting is two Committee Members and normal Committee voting procedures apply.
- 7.7 An appropriately qualified and experienced person will act as Secretary to the Committee. The Secretary is responsible for circulating the meeting agenda and supporting material to all Committee members and any other person advised by the Chair. The Secretary will also prepare minutes of each meeting. Normal Committee distribution requirements for minutes, agendas and supporting material will apply.

8. General scope and authority

- 8.1 The Committee will not take actions nor make decisions on behalf of the Board and will have no executive powers with regard to its findings and recommendations, other than those in paragraph 3.1 and where expressly provided by the Board.
- 8.2 The Committee Chair may communicate with the Chief Executive Officer to seek any information the Committee requires in order for it to carry out its role.
- 8.3 The Committee also has the ability, and is authorised to take such independent professional advice as it considers necessary. The Committee may arrange for external third parties with relevant experience and expertise to attend meetings, at the expense of Tower Limited, as it considers necessary.

9. Reporting

- 9.1 The Chair of the Committee will report material findings and recommendations to the Board after each Committee meeting. The minutes of all Committee meetings will be circulated by the Secretary to Non-Executive Directors of the Board.
- 9.2 The Chair of the Committee will submit an annual report to the Board summarising the Committee's activities, findings, recommendations and results for the past year.