

Remuneration & Nomination Committee Charter / Section 4.5

Composition of the Committee

The committee is chaired by the IQA President and consists of the President, deputy president and a director or directors appointed by the Board. An alternate Chair will be agreed to at the start of any meeting that the Chair is unable to attend. The alternate Chair must be a member of the IQA Board. A quorum for a meeting of the Committee is two members. A decision is made by the Committee if it is supported by a majority of members present at the meeting, or otherwise in the event of a tied decision, the Chair will have the presiding vote. The Chief Executive Officer ('CEO') may attend Committee meetings by invitation.

Boards may from time to time co-opt non-Board members to serve on a committee in order to bring additional skills, experience or expertise. The Committee, after notifying the President, may seek advice from the Company's legal advisers or other independent advisers or consultants as deemed appropriate by the Committee.

The Company Secretary ('CS') will attend and minute the committee meetings.

Objective of the Committee

The objectives of the Committee are as follows:

1. To review and make recommendations to the Board on remuneration and, performance frameworks and retention, succession and termination processes for the CEO and CS; and
2. To review and make recommendations to the Board on the appointment and removal of directors, on the criteria for Board membership and the current and anticipated Board membership requirements.
3. Items of critical strategic importance that require the committees consideration and if deemed necessary the committee then can request a special meeting of the Board to consider the matter, otherwise the committee will report such matters considered at the next Board meeting.
4. To review and make recommendations to the International Presidents' Committee on the Australian IQA member nomination for the annual Caernarfon Award.

Charter of the Remuneration & Nomination Committee

The responsibilities of the Remuneration Committee shall be:-

a) Remuneration and Performance Evaluation

The role of the Committee in relation to remuneration is to advise the Board on matters relating to the remuneration of the CEO and CS.

The Committee will be responsible for:

- i) reviewing, determining and recommending to the Board remuneration arrangements for the CEO and CS. In fulfilling this role, the Committee will ensure that the structure of the recommended remuneration package:
 - (1) is market related and appropriate for the responsibilities of the role,
 - (2) creates a strong retention mechanism,
 - (3) recognises and rewards performance, and
 - (4) provides incentive and motivation for that person, as part of management, to pursue the long term growth and success of the Institute within an appropriate control framework.
- ii) reviewing and recommending to the Board the operation of the Institute's incentive or performance plans, and

- iii) reviewing and recommending to the Board the Institute's recruitment, retention, succession and termination policies and procedures for the CEO and CS.

The responsibility for the day-to-day operation and administration of the Institute has been delegated to the CEO and his/her team. The Board have delegated a number of its powers to the CEO and CS.

The role of the Committee in relation to performance evaluation is to advise the Board on matters relating to the performance evaluation of the CEO and CS.

The CEO is the key employee and the CS is the key contractor of the Institute. As such a special relationship exists between the CEO, the CS and the Board.

The detailed CEO and CS performance evaluation is assigned to the Committee, with the process co-ordinated by the Chairman of the Committee being the President. The Committee will prepare a brief report for the full Board after discussion with the CEO and CS. However, the performance of the CEO and CS is a matter for full Board deliberation and is a separate agenda item at the relevant Board meeting. The CEO and CS performance evaluation will utilise both quantitative and qualitative measures. Evaluation will be judged against the approved strategic and operational plan and performance objectives.

The CEO and CS performance evaluation will occur annually, shortly before the end of the financial year results are finalised and the results will be tabled for approval at the next Board meeting. At this time, the Committee the CEO and CS will discuss and agree on goals and objectives (both quantitative and qualitative) for the new financial year and report these to the Board for approval. The Committee is responsible for approving the CEO's and CS's scope statement.

b) Nomination & Board director requirements

The role of the Committee in relation to nomination is to advise the Board on matters relating to potential Board appointees, removal of directors and maintain Board membership requirements.

The Committee will be responsible for:

- a. reviewing and making recommendations to the Board regarding the appointment of new Directors, including:
 - i. identifying and nominating candidates for directorship; and
 - ii. establishing a transparent and formal procedure for the identification of suitable candidates for appointment to the Board;
- b. establishing criteria for Board membership, including desired qualifications, skills, experience and competencies;
- c. reviewing current and anticipated Board membership requirements, including:
 - i. establishing and overseeing processes for the review of the performance of individual Directors and the Board as a whole, if requested by the Board to do so;
 - ii. from time to time, assessing the extent to which the required skills are represented on the Board and the necessary and desirable competencies of Board members, if requested by the Board to do so; and
 - iii. from time to time, assessing the time commitments of Directors and whether candidates (having regard to other commitments) can meet these commitments, if requested by the Board to do so;
- d. recommending the removal of directors, only if the Board has requested a review of Board membership requirements as per c) above; and
- e. ensuring that there is an adequate succession planning program in place for the Board to consider the appointment of a directors to this committee by adhering to the following:
 - i. At the first meeting of the committee in the year that the President and Deputy President are to be appointed the committee is to consider the

suitability of existing directors, who will still hold a director position at the AGM, for a role on the Remuneration & Nomination committee after the AGM is held.

- ii. The President is to have discussions with the suitably qualified directors to ascertain their aspirations to join the Remuneration & Nomination committee and potentially the Deputy President and President roles in the future.
- iii. The Remuneration & Nomination committee are to consider the results of the discussions with the suitably qualified directors and report to the next meeting of the Board.

Empowerment of the committee

The committee will refer any significant matters or issues to the Board for consideration, with recommendations on appropriate remedy. The Board has the discretion to override a recommendation of the committee. The committee can consider any matter that it considers is of strategic critical importance to the IQA. The committee, if it considers it necessary may request that a special meeting of the Board be held to consider the matter of strategic critical importance.

The committee is to recommend to the Board for approval, any variations in the remuneration levels, any bonuses or incentive payments of the CEO or CS.

The Board or President of the Board may refer a matter that falls within the scope of this charter for the committee to consider and report back to the Board.

The committee on the recommendation of the CEO can review and recommend to the International Presidents' committee the Australian IQA member nomination for the annual Caernarfon Award.

Meetings of the committee

The committee will convene at least three times per year to consider the performance appraisal of and setting of performance objectives for the CEO and CS, to consider the current Board membership and establishing the criteria for potential new Board members and to consider this charter and to report to the Board. The convening of the meeting may be a verbal arrangement. The committee will report to the board on such meetings.

Reporting to the Board

The committee will report as necessary to the Board on the outcome of any planned or ad hoc findings.

All committees shall review their terms of reference annually, including their membership and the results of their work and so report to the Board.