

**PEOPLE AND  
REMUNERATION  
COMMITTEE  
CHARTER**

# PEOPLE AND REMUNERATION COMMITTEE CHARTER

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## 1.0 INTRODUCTION

The People and Remuneration Committee (the “Committee”) is established as a committee of the Board of the Company on the terms set out in this Charter and in accordance with the Board’s Charter and the the Company’s Constitution.

## 2.0 PEOPLE AND REMUNERATION COMMITTEE VISION

*Make People Happy - Be the employer of choice - Marcus Blackmore*

To retain Blackmores’ position as Australia’s leading natural health brand, and to achieve ongoing success for our Company and shareholders, it is important for Blackmores to retain and attract the best and brightest in the industry who will develop a deep understanding of the Company’s culture, products and essence of the business.

To invoke an appropriate balance between fixed and incentive remuneration reflecting the short and long term objectives appropriate to Blackmores’ circumstances and goals which are aligned to shareholders’ interests.

## 3.0 COMMITTEE RESPONSIBILITIES

- 3.1 Blackmores remunerates its people fairly and responsibly. The remuneration policy is transparent and linked to both the individual’s and Company performance. The Remuneration policies and programs are underpinned by clearly defined objectives and measures with each senior executive assessed in line with Blackmores’ performance management program.
- 3.2 The Committee’s primary responsibility is to review and consider remuneration strategy and employment policies and to make recommendations to the Board that are in the best interests of Blackmores and its shareholders, and to assist the Board in fulfilling its corporate governance responsibilities in regard to:
  - 3.2.1 Remuneration policies for Non-Executive Directors;
  - 3.2.2 Remuneration policies for the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Executive Management;
  - 3.2.3 Executive equity grants;
  - 3.2.4 Human resource strategies; and
  - 3.2.5 Other matters referred to the Committee by the Board.
- 3.3 In particular, the Committee is to undertake the functions of the remuneration committee as set out in the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations.

## 4.0 COMPOSITION

- 4.1 The Committee is appointed by the Board in accordance with Clause 122 of the Blackmores Constitution.
- 4.2 The Committee is to consist of:
  - 4.2.1 a majority of independent Non-Executive Directors; and
  - 4.2.2 at least three (3) Members.
- 4.3 The Chairman of the Committee is to be an Independent Non-Executive Director and is to be appointed by the Board.
- 4.4 The Company Secretary is to attend all Committee Meetings to ensure minutes are taken of the Meeting.

## 5.0 MEETINGS

- 5.1 The Committee is to meet as requested by its Chairman, at least twice per year.
- 5.2 The Company Secretary will be responsible for Committee agendas (in consultation with the Committee Chairman), the co-ordination of Committee papers, the despatch of Committee papers and the preparation of minutes of Committee meetings.
- 5.3 The Chief Executive Officer and the Chief Operating Officer are to attend such portion of each meeting as requested by the Committee Chairman.
- 5.4 The Chair may invite other members of management, and / or other external advisors to be present at meeting of the Committee as necessary or desirable. Board members may attend any meeting of the Committee.

- 5.5 All recommendations of the Committee required to be referred to the Board according to this Charter will be referred to the Board for approval.

## 6.0 QUORUM

- 6.1 A minimum of two (2) Non-Executive Directors shall constitute a quorum and be competent to transact the affairs of the Committee.

## 7.0 ACCESS TO INFORMATION AND INDEPENDENT ADVICE

- 7.1 The Committee has the authority to seek any information it requires from any employee of the Blackmores group.
- 7.2 The Committee may seek independent legal, financial, remuneration or other advice as it considers necessary.
- 7.3 The Committee will be responsible for briefing and commissioning remuneration advisors. Management working with a commissioned remuneration advisor will work under the guidance of the Committee and within the context of the approved brief. Remuneration advisors do not include legal or accounting professionals engaged by management to assist in implementing changes approved by the Committee or to ensure compliance due to minor taxation or regulatory changes.
- 7.4 Where a remuneration advisor is engaged for purposes of Executive Team remuneration that consultant is not to be used for any other remuneration advice and another company is to be used for such purpose.

## 8.0 REMUNERATION POLICIES FOR NON-EXECUTIVE DIRECTORS AND EXECUTIVE DIRECTOR

- 8.1 In assisting the Board, the Committee will review and make recommendations to the Board on remuneration policies for the Chairman and Non-Executive Directors (including fees, and other benefits). In making its recommendations, the Committee should take into account the following guidelines:

### Non-Executive Directors

- 8.1.1 Non-Executive Directors should be remunerated by way of fees - in the form of cash, non-cash benefits, superannuation contributions or equity;
- 8.1.2 Non-Executive Directors should not participate in schemes designed for remuneration of executives;
- 8.1.3 Non-Executive Directors should not receive options or bonus payments; and
- 8.1.4 Non-Executive Directors effective from 1 October 2003 should not be provided with retirement benefits other than statutory superannuation, excluding retirement benefits accrued on behalf of directors prior to 1 October 2003.

### Executive Director

- 8.1.5 An annual review of the Executive Director's total remuneration package including annual fee plus incentives will be linked to the Executive program and achievement of predetermined targets and hurdles and short and long term incentives.
- 8.1.6 The payment of the Company Profit Share plan to the Chairman will be calculated at the same rate as which applies to the Executive Management
- 8.1.7 Marcus Blackmore's long term incentive payment is a cash-based equivalent.

## 9.0 REMUNERATION POLICIES FOR THE CEO, CFO AND EXECUTIVE MANAGEMENT

- 9.1 In assisting the Board, the Committee will review and make recommendations to the Board on the remuneration of the CEO, CFO and Executive Management including:
- 9.1.1 annual review of the CEO's total remuneration package, including performance reviews, achievement of predetermined targets and hurdles and short and long term incentives;
- 9.1.2 appropriate grants of securities under the Blackmores Executive Share Plan (or any alternate or replacement plan). Grants made to the CEO are to be placed before shareholders for approval;

- 9.1.3 the development of any equity based plan; and
- 9.1.4 the development or changes to short or long term incentive programs.

- 9.2 In making its recommendations, the Committee's objectives are that the remuneration policies:
  - 9.2.1 motivate the CEO and Executive Management to pursue the long-term growth and success of Blackmores aligned to Blackmores strategy and culture and aligned to shareholder interests;
  - 9.2.2 involve an appropriate balance between fixed and incentive remuneration, reflecting the short and long-term performance objectives appropriate to Blackmores' circumstances and goals.

## 10.0 PEOPLE POLICY

- 10.1 The Committee will review Blackmores human resource strategy, remuneration policies and practices, including performance assessment processes, organisation structure and culture, consistent with the Blackmores Values (PIRLS).
- 10.2 Monitor recruitment and personnel development policies which encourage workplace diversity both in gender and skills.
- 10.3 Approve the standard contract of employment for Executive Team positions (and, on a case by case basis, any variations from the standard contract).
- 10.4 Review and encourage succession planning for executive and senior management.

## 11.0 DELEGATED AUTHORITY

- 11.1 The Committee has the delegated authority to undertake the following functions:
  - 11.1.1 approve annual Blackmores Executive Team Salary Program;
  - 11.1.2 oversee Blackmores incentive schemes for senior executives and the Company performance Incentive Plans and, in particular, approve the following aspects of the program:
    - 11.1.2.1 structure;
    - 11.1.2.2 rules;
    - 11.1.2.3 eligibility parameters and participants;
    - 11.1.2.4 targets; and
    - 11.1.2.5 incentive pools.

## 12.0 REPORTING AND RECORDS

- 12.1 Minutes will be minuted, approved by the Committee and signed by the Chair of the meeting. Minutes of meeting will be tabled at Board meetings.
- 12.2 The Chairman of the Committee shall report to the Board, at the next meeting of the Board of Directors following a Committee meeting, on matters contained in this Terms of Reference.

## 13.0 REVIEW OF COMMITTEE PERFORMANCE

- 13.1 To determine whether it is functioning effectively, once each year the Committee shall:
  - 13.1.1 review this Charter;
  - 13.1.2 undertake an evaluation of its performance; and
  - 13.1.3 review committee work plan:  
(See Over, page 6)

## REVIEW COMMITTEE WORK PLAN

KEY RESPONSIBILITIES	CONSIDERATIONS
Organisation Culture & People Development	<ul style="list-style-type: none"> <li>Oversee Human Resource Strategy</li> <li>Review Succession Planning Strategies and Talent Pool</li> <li>Review Climate Survey Results &amp; High Level Action Plan</li> <li>Review Diversity Plan</li> <li>Review Recruitment &amp; Personnel and Non-Executive Directors</li> </ul>
Remuneration & Benefits	<ul style="list-style-type: none"> <li>Review remuneration policies for Chairman &amp; Non-Executive Directors</li> <li>Recommend Chief Executive Officer Remuneration</li> <li>Oversee the application of remuneration policy for Executive Team</li> <li>Review the annual company remuneration adjustments for employees</li> <li>Review performance (at risk) payment arrangements or incentive based reward systems</li> <li>Recommend at Risk payment for CEO and Senior Executives</li> </ul>
Committee Effectiveness	<ul style="list-style-type: none"> <li>Review Committee Charter</li> <li>Submit a summary of activities for inclusion in the Annual Report</li> <li>Submit an annual written report to the Board containing details of the achievement of all matters relevant to the Committee's role and responsibilities</li> </ul>

### 14.0 PUBLICATION

The Committee Charter will be posted on Blackmores' website [blackmores.com.au](https://blackmores.com.au)