

## PEOPLE AND SAFETY COMMITTEE CHARTER

The Board of Directors of CS Energy Ltd (the Board) has resolved to establish a Committee of Directors to be known as the People and Safety Committee, with objectives, membership, terms of office, duties and responsibilities and meeting requirements as set out below.

### Role of the Committee

The People and Safety Committee acts on behalf of the Board to promote a people and performance based culture which is consistent with the expectations of the Board, providing a forum to discuss safety and people initiatives to enable CS Energy to be a safe place to work, managed by high calibre executives who receive fair and reasonable remuneration for their contributions to the performance of the Company.

The Board will ensure that overall remuneration policies and practices are consistent with shareholding Ministers' expectations and guidance and the company performance management framework.

The primary focus of the People and Safety Committee will be to provide oversight of management over the following key areas of the business:

- safety initiatives and key performance targets;
- safety reporting and incident management;
- the employee relations and industrial relations environment (Alternative Individual Agreements (AIA) and Enterprise Bargaining Agreements (EBAs));
- the terms and conditions of senior executive remuneration;
- people management and promotion of cultural change and enhancement initiatives; and
- provide an assurance to the Board in respect of fairness in employment practices which reflect appropriate terms and conditions of employment in response to prevailing market practices, recognising the performance of the Company

The Committee will have the responsibility for keeping the Board up to date with the latest thinking and leading practice in safety, people management, cultural change, employment conditions and Officer and Director remuneration, including changing legal requirements.

The Committee will:

- function in accordance with this approved Charter;
- operate independently of the senior management of the Company;
- provide advice to the Board on selection of a Chief Executive (as required);
- ensure that the safety management system and future safety and performance initiatives are consistent with the strategic goals of the Company;
- ensure that cultural change and enhancement initiatives are consistent with the strategic goals of the Company;
- ensure that the overall remuneration policy and approach fits the strategic goals of the Company;
- periodically review Company policies within the scope of this Charter;
- review and endorse Enterprise Bargaining Agreement frameworks and negotiated outcomes;
- review strategies and policies relating to senior executive remuneration, gain policy approval from the Board, recommend Chief Executive remuneration and oversee the application of remuneration policy for other senior executives;
- approve the remuneration budget generally, and senior executives in particular, in relation to normal remuneration reviews; and
- ensure that all remuneration policies and practices are legal and comply with shareholding Ministers' stated expectations and Company policy.

## **Committee Composition**

The People and Safety Committee is appointed formally by the Board and any change in membership requires Board approval.

The People and Safety Committee comprises up to four Board members.

One of the members shall be appointed Chairperson of the Committee by the Board of Directors. The Committee may from time to time invite any party including senior executives to attend meetings and participate in discussions concerning specific issues.

Committee members are not to be employed by organisations which are key suppliers of goods and services to CS Energy (ie. consultancies specialising in people practices and/or health & safety).

A Quorum shall consist of at least two members.

## **Terms of Committee Membership**

The Board shall determine, at its discretion, a member's term of membership; however as a guide, the appointment to the Committee normally should be for a period of three years,

The Senior Executive/s responsible for Safety and Human Resources and the CE will contribute to the Committee's work in an advisory capacity.

### **Safety (role)**

The Committee will oversight the safety policies and practices of the Company.

The Committee will:

- ensure review of safety management systems (including lead and lag indicators, to assess effectiveness) and that they support the approved objectives and strategies of the Company;
- determine and arrange for reviews from time to time of safety policies and practices;
- undertake review of policies and guidelines relating to safety management; and
- review safety management practices for legality and defensibility in line with the operational and human resource objectives of the Company.

### **People Management (role)**

The Committee will oversight the people and performance management policies and practices of the Company.

The Committee will:

- ensure that effective performance management systems (including Corporate, Executive/Division scorecards) are in place and that they support the approved objectives and strategies of the Company and stated expectations of the shareholding Ministers;
- determine and arrange for reviews from time to time of CS Energy's performance management policies and practices;
- review people policies, procedures and guidelines;
- review people and performance management practices for legality and defensibility in line with the operational and human resource objectives of the Company; and
- review strategy and direction being taken by the Company in managing industrial relations and, in particular EBAs.

### **Culture and Continuous Improvement (Role)**

The Committee will oversight the development of culture development and continuous improvement initiatives and practices of the Company.

The Committee will:

- review change management systems and practices for effectiveness in the development of a change culture and ensure that they support the approved objectives and strategies; and
- act as a sounding board to executive management on the development of the culture of the Company and challenge the status quo.

### **Company Remuneration Policy (Role)**

The Committee will oversight the remuneration policies and practices of the Company.

The Committee will:

- review remuneration management systems for effectiveness and ensure that they support the approved objectives and strategies;
- determine and arrange for reviews from time to time of remuneration policies, employee benefits and conditions;
- review remuneration practices for legality and defensibility in line with the business and human resource objectives of the Company; and
- act as a sounding board to executive management on remuneration matters for employee categories other than the Senior Executive Group.

### **Senior Executive Remuneration (Role)**

The Committee will oversight the employment relationship with the Senior Executives and Chief Executive.

The Committee will:

- endorse the remuneration for Senior Executive levels covering the balance between fixed and variable (incentive) remuneration, the balance between the long and short-term focus of remuneration, the link between the Company making adjustments to executive remuneration and the business performance;
- endorse changes to any Senior Executive Reward Plans (covering both short term and long term plans);
- determine the Chief Executive's remuneration covering:
  - Fixed Remuneration Level (salary and benefits)
  - Variable Remuneration Opportunity (bonus / incentive);
- endorse the remuneration levels of Senior Executives on the recommendation of the Chief Executive;
- endorse incentive payments for Senior Executives on the recommendation of the Chief Executive;
- advise the Chairman on Senior Executive employment contracts, particularly in relation to the remuneration and separation components;
- oversight succession planning for Chief Executive and Senior Executives; and
- input into the setting of role purpose statements for Chief Executive and Senior Executives.

### **Annual Remuneration Review (Role)**

The Committee will consider an annual Remuneration Review Report and will be responsible for matters including the following:

- endorse the budget for the Annual Remuneration Review and other remuneration adjustments;
- ensure there is a review at least annually of the remuneration of those roles paid below or above the approved remuneration range for their respective positions; and

- seek an independent review (or some other source of reliable data) of the Company's executive remuneration and its relationship to market levels and practices, to be completed before the Annual Remuneration Review meeting.

### **Safety Audit**

To ensure suitable attention is focused on the Committee's role on behalf of the Board, the People and Safety Committee may commission an audit of Safety policy and practices every 3 years.

From time to time an audit of particular elements of the safety management system may also be considered.

### **Remuneration Policy and Practices Audit (Role)**

To ensure suitable attention is focused on the Committee's role on behalf of the Board, the People and Safety Committee may commission an audit of policy and practices every 3 years.

From time to time implementation of audit of remuneration management programs may also be considered.

### **Official Misconduct (Role)**

Section 156 of the *Government Owned Corporations Act 1993*, provides that if the Chief Executive Officer (CEO) of a Government Owned Corporation (GOC) suspects that a complaint, or information or matter, relating to the GOC involves, or may involve, something that would be official misconduct under the *Crime and Misconduct Act 2001*, the CEO must notify the Crime and Misconduct Commission (CMC) of the complaint.

Official Misconduct is conduct that could, if proved, be:

- (a) a criminal offence; or
- (b) a disciplinary breach providing reasonable grounds for terminating the person's services, if the person is or was the holder of an appointment<sup>1</sup>. [position]

The People and Safety Committee has an Official Misconduct oversight role to ensure CS Energy has appropriate policies, procedures and communication protocols established to ensure compliance with statutory obligations.

## **Committee Meetings**

### **Frequency**

The Committee shall hold at least four meetings per annum and such additional meetings as the Chairperson shall decide in order to fulfil its duties. Meetings shall be held at least two months prior to the completion of the Annual Remuneration Review and at mid cycle to review the remuneration program and business objectives and outcomes of the previous Annual Review.

The Chairperson may wish to meet from time to time with the CE, the Principal Corporate Executive and external advisers as considered appropriate.

### **Attendance**

In addition to Committee members, the CE and the Principal Corporate Executive may attend meetings relating to the Annual Remuneration Review. Executives should be absent from meetings finalising Senior Executive remuneration. An independent adviser could be available during these meetings.

---

<sup>1</sup> Section 15 *Crime and Misconduct Act 2001*

**Secretariat**

The Company Secretary is the Committee Secretary.

**Reporting**

The Committee will report to the Board on the outcomes of its Annual Review considerations and on other remuneration issues from time to time.

The minutes of the People and Safety Committee shall be provided to the Board. Specific remuneration package details will not normally be included in the Committee's minutes.