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## **CORPORATE GOVERNANCE BACKGROUND**

Cosmos Capital Limited (**Cosmos**) is committed to strong corporate governance principles. Each policy is periodically reviewed and updated from time to time by the board.

Key corporate governance policy documents will be made available to the public, online at [cosmoscapital.io/corporategovernance](https://cosmoscapital.io/corporategovernance)

## **REMUNERATION AND NOMINATIONS COMMITTEE CHARTER**

### **A) INTRODUCTION**

- a. This is the Remuneration and Nominations Committee Charter of the Remuneration and Nominations Committee (Committee) established by the board of Cosmos Capital Limited ACN 636 458 912 (Cosmos) and sets out the specific responsibilities of the Committee delegated by the Board.
- b. The Committee is responsible for making recommendations to the Board on remuneration packages for senior executives and executive Directors; the appointment and evaluation of the Chief Executive Officer (CEO) and for making recommendations to the Board on the composition of the Board.
- c. The Committee is not a decision making body. The Committee does not have the power or authority to make a decision in the Board's name or on its behalf.
- d. The Committee will make recommendations to the Board on all matters requiring a decision.

### **B) COMMITTEE'S ROLE - REMUNERATION**

The role of the Committee in relation to remuneration is to review and make recommendations to the Board in relation to:

- a. Cosmos's remuneration framework for directors, including the process by which any pool of directors' fees approved by security holders is allocated to directors;
- b. the remuneration packages to be awarded to senior executives;
- c. equity-based remuneration plans for senior executives and other employees;
- d. superannuation arrangements for directors, senior executives and other employees; and
- e. whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees.



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## **C) COMMITTEE'S RESPONSIBILITIES - REMUNERATION**

### General

The Committee's responsibilities in relation to remuneration include:

- a. assisting the Board in setting the executive remuneration policy;
- b. making recommendations to the Board for reviewing and approving the remuneration of executive directors; and
- c. reviewing and approving the remuneration of the senior executives as defined by the Board from time to time.
- d. Remuneration for non-executive directors is set by the Board.
- e. Remuneration of the CEO and key management personnel

The Committee should:

- a. review, in accordance with Cosmos's remuneration policies and practices, all components of the remuneration of the CEO;
- b. have oversight over the review of remuneration of key management personnel, in accordance with Cosmos's remuneration policies and practices, including the Chief Financial Officer and other key management personnel;
- c. receive feedback in relation to the annual performance evaluations of the CEO and key management personnel, and consider targets, KPI's and changes to the CEO's and other key management personnel remuneration for the coming financial year;
- d. review the terms of employment contracts;
- e. review the terms of Cosmos's short and long term incentive plans, including targets and KPIs;
- f. review senior executive training and development; and
- g. make recommendations in regards to the above items for Board approval.

## **D) COMMITTEE'S ROLE - NOMINATIONS**

The role of the Committee in relation to nominations is to review and make recommendations to the Board in relation to:

- a. Board succession planning generally;
- b. induction and continuing professional development programs for directors;
- c. the development and implementation of a process for evaluating the performance of the Board, its committees and directors;



- d. the process for recruiting a new director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the board and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment;
- e. the appointment and re-election of directors; and
- f. ensuring there are plans in place to manage the succession of the CEO and other senior executives

### **E) COMMITTEE'S RESPONSIBILITIES - NOMINATIONS**

The Committee's responsibilities in relation to nominations include:

- a. reviewing management succession planning for the Company in general, but specifically in regard to the CEO and senior executives reporting to the CEO;
- b. reviewing the appointments and terminations to senior executive positions reporting to the CEO and, if requested by the Board, making recommendations regarding the appointment of the CEO;
- c. reviewing and making recommendations to the Board regarding the appointment of non-executive directors, including:
  - i. periodically assessing the appropriate mix of skills, experience, expertise and diversity required on the Board and assessing the extent to which the required skills are represented on the Board;
  - ii. making recommendations to the Board about strategies to promote diversity at Board level and in Cosmos as a whole;
  - iii. establishing processes for the identification of suitable candidates for appointment to the Board;
- d. monitoring the length of service of current Board members, considering succession planning issues and identifying the likely order of retirement by rotation of non-executive directors; and
- e. establishing processes for the review of the performance of individual nonexecutive directors, the Board as a whole and the operation of Board committees;
- f. developing and maintaining a Board Skills Matrix to help with the identification of the skills of the Board in order to achieve the objective set out in section e)c.i with respect to all directors; and
- g. developing and implementing a program for inducting new directors including providing professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles effectively.



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**F) PROCEDURE AND POLICY FOR SELECTION AND APPOINTMENT OF NEW DIRECTORS AND THE RE-ELECTION OF INCUMBENT DIRECTORS**

**1. Retirement and re-election:**

- a. Before a director is required to retire by rotation the Committee will ascertain whether he or she wishes to seek re-election and will consider relevant issues regarding the current position of Cosmos as well as the intended future direction of Cosmos in order to determine whether or not to recommend that the director be re-elected.
- b. If the Committee does decide to recommend the re-election of the incumbent director the Committee should:
  - i. consider whether an additional director should be appointed who may be able to provide additional specialist knowledge or experience of value to Cosmos;
  - ii. undertake appropriate checks before appointing a new director or putting forward a new candidate for election as a new director; and
  - iii. provide security holders with all material information in its possession relevant to a decision on whether or not to elect a new director.
- c. Appointment of additional director

If the Committee determines that an additional director should be appointed to the Board, or a new director to replace an outgoing director, the Committee should:

- d. consider whether an external executive search firm should be engaged in order to assist with the process of establishing criteria which the incoming director must satisfy and to identify potential candidates;
- e. undertake appropriate checks before approaching a new director or putting forward a candidate for election as a new director; and
- f. provide security holders with all material information in its possession relevant to a decision on whether or not to elect a new director.

**2. Considerations**

When considering the re-election of an incumbent director or election of a new director the Committee will take into account the following:

- a. business experience, particularly in respect of the industries in which Cosmos operates;
- b. standing in the community;
- c. educational qualifications;
- d. availability and other directorships;



- e. the possession of particular skills and experience such as information technology, sales and marketing, logistics, innovation, finance or risk management; and
- f. whether the appointment or re-appointment will contribute positively to the skill set and experience of the Board as a whole.

### **G) BOARD DIVERSITY**

The Committee must consider Cosmos's Diversity Policy when considering new candidates for nomination to the Board.

- a. The Committee is responsible for reviewing, at least annually:
  - i. Cosmos's Diversity Policy; and
  - ii. the relative proportion of men and women at all levels of Cosmos.
- b. The Committee will work with the Board to implement and monitor the implementation of Cosmos's Diversity Policy.

### **H) STRUCTURE OF COMMITTEE MEMBERSHIP**

The structure of the Committee is as follows:

- a. The Committee shall be appointed by the Board and comprise not less than 3 directors.
- b. A majority of the members of the Committee must be independent directors.

### **I) EXPERTISE OF COMMITTEE MEMBERSHIP**

Committee members, where possible, must:

- a. have a sound knowledge of Cosmos's businesses, organisation structure and related executive/employee remuneration policies and practices;
- b. be able to demonstrate relevant knowledge at a senior management level of Cosmos remuneration and reward programmes and the setting of performance objectives, and related industry practices;
- c. have an appropriate understanding of the law and ASX disclosure requirements in respect of executive and director remuneration; and
- d. have an appropriate understanding of corporate governance matters particularly in relation to Board and director responsibilities and ASX best practice guidelines.



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**J) SECRETARY**

The Company Secretary or their nominee will act as Secretary to the Committee, unless otherwise determined by the Committee.

**K) PROCEEDINGS**

a. Frequency

- i. The Committee will meet as frequently as required but must not meet less than once each year.
- ii. The Secretary to the Committee or any member may call a meeting of the Committee.

b. Attendance

- i. Members of the Board who are not Committee members, along with Cosmos management or independent consultants may be invited by the Chair of the Committee to attend all or part of a meeting. Voting at Committee meetings is restricted to Committee members.

c. Quorum

- i. A quorum for a meeting shall be a minimum of two (2) non-executive director Committee members. All meetings shall be conducted subject to an agenda circulated by the Chair of the Committee or their nominee and incorporating any matters raised by other members of the Remuneration and Nominations Committee or referred by the Board.

d. Chair of the Committee

- i. The Chair of the Committee must be an independent director.
- ii. In the absence of the Chair of the Committee, the remaining members will elect one of their number as Chair of the meeting.

e. Minutes

- i. The Secretary shall maintain minutes of all meetings of the Committee. The minutes shall be signed by the Chair of the Committee.

f. Non-Consensus

- i. Where the Committee is unable to reach consensus on a matter, the Chair of the Committee will report this to the Chair of the Board. The Board will determine whether it is appropriate that the matter be resolved by the Board and/or whether independent advice should be obtained.



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## **L) POWERS AND AUTHORITIES**

- a. Access
  - i. The Committee has unrestricted access to executive management, all employees and all Cosmos records and to financial and legal advisers.
- b. Independent Advice
  - i. The Committee, or any individual member, with the approval of the Chair of the Board, is entitled to seek advice from external consultants or specialists where the Committee considers that necessary or appropriate.

## **M) REPORTING**

### Chair

- a. The Chair of the Committee shall report to the Board subsequent to each Committee meeting, matters to be discussed will generally cover:
  - i. results of remuneration setting for all relevant Directors and senior executives;
  - ii. performance criteria;
  - iii. minutes and formal resolutions; and
  - iv. other key activities and major issues of which the Board should be informed.
- b. Annual General Meeting and Annual Report
  - i. The Chair of the Committee or their nominee must attend the Annual General Meeting and be available to respond to any shareholder questions on the Committee's activities and areas of responsibility, including the Remuneration Report.
- c. The Committee is responsible for review and approval of the Remuneration Report and of disclosures in the Company's annual report regarding the Committee, its activities and performance.
- d. The Remuneration Report will disclose Cosmos's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

## **N) PRIVACY**

The Committee recognises that all personal information provided to members is subject to the *Privacy Act 1988*.



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**O) REVIEW**

- a. The Committee must conduct an annual review of its performance and effectiveness, inviting comments from all members of the Board, at a meeting to be decided each calendar year. It must recommend to the Board any suggested changes in the duties and responsibilities of the Committee and this Charter.
- b. This Charter will be reviewed periodically by the Board to check that it is operating effectively and whether any changes are required to this Charter.