

NZX: SPY  
ASX: SMP

### Smartpay Governance Principle 3: Board Committees

The Board will use committees where this enhances its effectiveness in key areas while retaining Board responsibility.

### Useful links/further information:

NZX Corporate Governance in New Zealand Principles and Guidelines: Principle 3

ASX Corporate Governance Principles and Recommendations: Principles 4 and 7

Smartpay reserves the right to amend, update or withdraw its corporate policies without prior notice.

The Company recognizes that an effective board requires a balance of independence, skills knowledge, experience and perspectives and is committed to ensuring that the remuneration of directors and senior management is transparent, fair and reasonable. The Board has appointed a Remuneration and Nominations Committee as this enhances the Board's effectiveness in these key areas by being able to inject a more detailed analysis of key issues and promote efficient decision making. The committee meets and operates under the terms of reference which are reviewed and approved by the board annually.

The Terms of Reference of the Remuneration and Nominations Committee are set out in this document.

### Membership

The Board shall appoint members to, and Chairman of, the Committee and will review the membership whenever the membership of the Board changes. It will consist of at least two independent directors of the company.

### Meetings

At least two days' notice will be given of any meeting of the Committee.

Meetings shall be held at least twice a year coinciding with key dates in the Company's performance management cycle.

No one other than the remuneration and nomination committee members shall be entitled to attend committee meetings however the committee may invite others to attend including other directors, management and external advisors.

A quorum of the committee shall be two members.

Minutes of the meeting will be maintained by the Chairman of the Committee and signed once approved by the committee.

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## **Responsibilities:**

### **General**

The Committee will establish an annual calendar of meetings identifying its work programme for the year. In addition to the responsibilities defined below it will consider other topics as defined by the board.

### **Remuneration**

The principal role of the Committee is to oversee and regulate compensation and organisation matters affecting the company including remuneration, benefits policies and performance as well as the remuneration of the Company's senior executives. It has the following duties and responsibilities:

- To review the remuneration policy of the whole Company including bonus and/or share option schemes.
- To make recommendations to the Board on director remuneration for subsequent shareholder approval
- To review and make recommendations on the terms of remuneration for senior executives of the company, including board members in line with the company's remuneration policy
- Consider company policy as to ownership of shares by the Board CEO and senior management

### **Nominations and Appointments**

The purpose of the Committee is to identify and recommend individuals to the Board for nomination as members of the Board and its committees. In addition to oversee and regulate succession planning for the CEO and direct reports and major organisation changes providing a focused and streamlined process where board approval would otherwise be required. It has the following duties and responsibilities:

- To review the procedure for nominations and appointments of directors to the Board
- To review and seek Board approval for changes to board composition that the committee believes to be desirable, including both appointments and removal of directors;
- To identify individuals believed to be qualified to become board members, and to recommend to the board the nominees to stand for election as directors at the annual shareholders meeting. In the event of a vacancy in the office of a director, the committee shall recommend to the board an individual to fill such vacancy.
- To ensure director rotation and review director tenure prior to AGM re-appointments
- To consider any applications under shareholder nomination process and make recommendations to the board and shareholders.
- To identify board members qualified to fill vacancies on any committee of the Board.

- To be involved in the recruitment and appointment of all senior executives reporting to the Managing Director
- To review processes for succession planning

## **Performance Management**

A primary function and objective of the Committee is to assist and advise the board in relation to:

- To set the performance criteria for Executive Directors and the CEO, in accordance with the Performance Management Policy
- To review the performance management reviews of senior managers in line with the Performance Management Policy
- To review the Performance Management frameworks in place for the Company and Board
- Ensure board and committee performance reviews are conducted regularly
- To review and oversee the induction process for directors
- To identify any training requirements for board members
- To annually review the composition and skills on the board. Maintaining a Skills matrix to identify optimal structure of the Board and enable it to perform its nominations and appointments duties and responsibilities
- To review criteria for director independence and annually review each non-executive's independence status

## **Diversity**

The Committee is responsible for recommending to the Board annual, measurable objectives for achieving diversity and inclusion in the business.

## **Levels and Limits Of Authority**

The Committee has no decision making authority unless specifically authorized by the Board and generally makes recommendations only to the full board.

The committee is authorized by the board to:

- Investigate any activity within its terms of reference
- Seek any information that it required from any employee of the company and all employees are directed to co-operate with any request made by the Committee; and

- Obtain outside or independent professional advice. At the Company's expense, and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

## Reporting

The Secretary will circulate the minutes of the committee to all members of the Committee. The Chairman of the Committee will provide a report to the Board on the activities of the Committee which will be included in the Board Pack, together with the minutes of Committee Meetings, for each scheduled Board meeting.

The Committee will annually review its terms of reference and undergo an assessment of its performance and recommend to the Board any necessary changes.

The Committee will review remuneration statements and director profiles for inclusion in the Annual Report and Financial Statements and in reference to its role and responsibilities will specifically ensure the inclusion of:

- A summary of the role of the Committee
- The names and qualifications of all members of the Committee during the period
- The number of Committee meetings and attendance by each member
- The way the committee has discharged its responsibilities.

Where disagreements between the Committee and the Board cannot be resolved, the committee shall report such an issue to the shareholders as part of the report on its activities in the Company's annual report.

## Terms of Reference authorised by the Board 24 February 2021



**Greg Barclay**  
On behalf of the Board