



Silex

Remuneration & Nomination Committee Charter

Silex Systems Limited (ACN 003 372 067)

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REMUNERATION & NOMINATION COMMITTEE CHARTER

1. Applicability

The Remuneration & Nomination Committee (Committee) is a committee of Silex Systems Limited (Silex, the Company) Board and this Charter applies to all members of the Committee.

2. Role

The role of the Remuneration & Nomination Committee is to assist the Board and make recommendations to the matters with which it is charged with responsibility as per this Charter.

3. Responsibilities

3.1 Executive Remuneration and Incentive Packages

The Committee is to ensure that:

- (i) Executive remuneration packages involve a balance between fixed and incentive pay, are determined with reference to appropriate market benchmarks and reflect short and long-term performance objectives appropriate to Silex's circumstances, objectives and interests of Silex's shareholders;
- (ii) a proportion of Executives' remuneration is structured in a manner designed to link reward to corporate and individual performance; and
- (iii) recommendations are made to the Board with respect to the remuneration and incentives to be paid to Executives.

3.2 Non-Executive Directors

The Committee is to ensure that:

- (i) fees paid to Non-Executive Directors are within the aggregate amount approved by shareholders and make recommendations to the Board with respect to the need for increases to this aggregate amount for approval at Silex's Annual General Meeting;
- (ii) Non-Executive Directors are remunerated by way of fees; and
- (iii) Non-Executive Directors are not provided with retirement benefits other than statutory superannuation entitlements.

To the extent that Silex adopts a different remuneration structure for its Non-Executive Directors, the Committee shall document its reasons for the purpose of disclosure to shareholders.

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3.3 Incentive Plans and Benefits Programmes

The Committee is to:

- (i) review and make recommendations concerning long-term incentive plans, including the use of share options and other equity-based plans. Except as otherwise delegated by the Board, the Committee will act on behalf of the Board to administer equity-based and employee benefit plans and, as such, will discharge any responsibilities under those plans, including making and authorising grants, in accordance with the terms of those plans;
- (ii) ensure that incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide rewards when they are achieved;
- (iii) continually review, and if necessary, improve, any existing benefit programmes established for employees; and
- (iv) approve any collective employee agreements and industrial agreements.

3.4 Human Resources, Engagement and Culture

The Committee is to:

- (i) Oversee the development, application and any material changes made to the human resources, engagement and culture policies and practices across the Company, including those relating to recruitment, induction, performance management, training and development, equal opportunity and diversity and inclusion, and remuneration and benefits; and
- (ii) Monitor that appropriate methods of measuring the engagement levels and culture across the Company exist and review the results of recommendations / actions plans arising from engagement and culture surveys.

3.5 Performance Management and Succession Planning

The Committee is to:

- (i) Review and oversee the quality and compliance with Silex's performance development system for Executives and Management who report directly to the CEO/Managing Director, ensuring robust performance objectives and measures are in place to drive superior outcomes and create a high-performance culture;
- (ii) Review and confirm performance objectives and targets set for the CEO/Managing Director, Executives and Management who report directly to the CEO/Managing Director, have been achieved as part of recommending to the Board incentive payments to be made; and

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- (iii) Review at least annually the succession plan for the CEO/Managing Director, Executive and key Management and senior technical positions together with development plans and Silex's leadership development strategies.

3.6 Board Composition

The Committee is to:

- (i) Regularly review the size and composition of the Board and mix of expertise, skills, experience and personal qualities that may be required to ensure Board diversity and allow the Board to execute its functions; and
- (ii) Ensure the individuals recommended for appointment as Non-Executive Directors expressly acknowledge prior to their appointment, their ability to devote the time necessary to carry out their duties and responsibilities as a director.

3.7 Board Renewal

The Committee is to:

- (i) Establish processes for the development and review of succession plans for the Board and the Chair, taking into account the Company's current business operations and future strategy, and the skills, experience and expertise that may be required on the Board in the future;
- (ii) Conduct searches for new Board members, evaluate candidates and recommend individuals for appointment to the Board; and
- (iii) Review the nominations for Non-Executive Directors who wish to be elected or re-elected to the Board by shareholders, and make a recommendation to the Board as to whether the nomination or re-nomination of the relevant candidate or director should be approved.

3.8 Board Performance

The Committee is to:

- (i) Review and recommend, in cooperation with Management a process for the induction and continuing professional development of Non-Executive Directors and a plan, as required, for enhancing Non-Executive Directors' skills and competencies.
- (ii) Oversee a process for evaluating the performance of the Board, its committees and the Non-Executive Directors annually.

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3.9 Nomination Criteria

When reviewing a nomination for a directorship, the Committee must take into account:

- (i) The expertise, skills, experience, perspectives, personal qualities and attributes that will best ensure the Board effectiveness;
- (ii) The diversity of Board composition;
- (iii) The capability of the candidate to devote the necessary time and commitment to the role;
- (iv) Potential conflicts of interest, and independence.

4. Composition

The Committee will be appointed by the Board and shall be composed of at least three members, the majority of which are to be independent, one of whom will act as Chair. Independence is defined as per the definition included in the ASX Corporate Governance Principles and Recommendations (*4th Edition*).

The Committee will appoint a Secretary (Committee Secretary) and will provide assistance to the Committee in preparation of the agenda and minutes of the meeting and will attend all meetings of the Committee.

5. Meetings

The Committee will meet at least twice a year, with further meetings as required. Minutes of all meetings of the Committee are to be kept and the minutes and a report of actions taken or recommended to be given at each subsequent meeting of the full Board.

Committee meetings will be governed by the same rules, as set out in Silex's Constitution as they apply to the meetings of the Board.

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6. Authority

The Committee is authorised:

- (i) to seek any information it requires in order to perform its duties, from any employee of Silex; and
- (ii) to obtain, at Silex's expense, external legal or other professional advice on any matter within its Charter.

7. Performance

The Remuneration & Nomination Committee:

- (i) Will evaluate its own performance on an annual basis;
- (ii) May obtain feedback on the Committee's performance and operations from key people such as the CEO/Managing Director and other Executive and Management staff; and
- (iii) May obtain feedback from the Board on the effectiveness of the Committee.

8. Review

The Committee will review the Remuneration & Nomination Committee Charter regularly. The Board may change this Charter by resolution.