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Hunter Hall International Limited Remuneration and Nomination Committee Charter

Introduction

This Charter sets out the arrangements that Hunter Hall International Limited (HHL) will apply to ensure the Committee functions properly.

Appointment

The Board of Directors of HHL (the Board) is responsible for appointing members to the Committee.

The Board has appointed Wayne Hawkins, Peter Hall and Suzanne Daniel.

Functions of Committee

The principle functions of the Committee include reviewing and making recommendations to the Board regarding:

- the remuneration of the senior Executives and the Non-executive Directors,
- the remuneration policies and practices of the Company, including participation in the Employee Option Plan and other benefits,
- employee superannuation arrangements,
- assessment of the necessary and desirable competencies of Board members,
- review of Board succession plans,
- evaluation of the Board's performance, and
- recommendations for the appointment and removal of Directors.

In relation to its responsibilities regarding remuneration, the Committee is required to be cognisant of regulations governing remuneration, particularly in relation to the Corporations Act.

The development of remuneration policies and guidelines is seen as a continual process, evolving to meet the needs of the Company and other interested parties.

The Committee will conduct at least annual reviews of the remuneration policies and practices to ensure they are:

- relevant to the Company's wider objectives and strategies, and
- legal and defensible.

The Committee, in carrying out its functions and responsibilities, is guided by the following objectives:

- to ensure that the remuneration policies provide the maximum opportunity and framework to achieve the Company's financial and other objectives,
- to ensure remuneration policies allow maximum flexibility to management to achieve corporate objectives in day-to-day operations,
- to ensure individual effort and contribution by employees is capable of being individually rewarded,
- to promote a remuneration climate and culture which allows and encourages individuals to excel,



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- to develop a remuneration policy appropriate for a listed public company, and
- to recognise that corporate profit performance is a key determinant of the remuneration process.

In developing remuneration policies which will contribute to attracting, motivating and retaining the quality and personal characteristics of staff required at all levels of operations, the Committee is to follow a balanced approach, consisting of three key determinants:

- the need for competitive base remuneration to attract and retain pre-determined staff skills and characteristics,
- a bonus system which individually rewards short term contributions to the Company's 'key success determinants' (as defined by management from time to time), and
- a long term reward/incentive share option plan to create a real alignment of employee interests with Shareholders.

Base Remuneration

Base remuneration, whilst in itself needs to be competitive, is seen by the Committee as forming part of total remuneration. It is an objective of Hunter Hall's recruitment policy to recruit personnel who, through their skills, potential, ambition and enthusiasm, will contribute to the growth and success of the Company and will therefore participate in the Company's short and long term incentive programs. However, our recruitment policy also recognises that the awarding of long term incentives (option entitlements) will, in occasional circumstances, be ineffectual and inappropriate. In such circumstances, the objectives of both the Company and an employee will be best served by limiting incentive participation to the Bonus Program.

The Company targets the top half of the base remuneration range, as set by reference to specific job functions in comparable companies in the financial services industry.

It is necessary that clear and specific job descriptions be determined and agreed for all employees.

Bonus Program

The Company rewards individual short term performance on a half-yearly basis. Performance is assessed against pre-determined and agreed (between management or Board and the individual employee) criteria and is subject to an overlay of corporate profits performance.

The bonus guidelines are:

- Employees are required to be on staff for a minimum of 3 months to be considered for bonuses.
- Recommendations for bonuses for eligible staff will follow from performance reviews carried out for the half-yearly periods ending June and December.
- Corporate profits are a key determinant of the level of individual bonuses, and the nexus between the two should be stressed to ensure individual expectations are managed, and to ensure a culture of 'excessive individualism' is discouraged.
- Individual bonuses should only be recommended where it can be demonstrated that the individual targets were achieved, or the individual made a significant contribution or effort to the benefit of the Company in the period.



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- Individual bonus allocations should be recommended by an Employee's immediate superior, approved by the Chief Executive Officer (CEO) and the Executive Chairman and reported to the Board.
- Individual bonus recommendations are to be made following an assessment review of achievement against targets between the individual employee and the immediate superior, with both parties encouraged to be open, frank and objective in the performance analysis.
- Bonus recommendations should be considered as quickly as practicable following the end of the review period and, if approved, should be advised to the Employee as soon as possible to ensure maximum positive linkage between effort/contribution and reward is obtained.
- Bonus entitlements may be taken in one or more of the following options:
 - cash, or
 - contribution to superannuation.

Note: Under current taxation law the take-up of a bonus as cash would be after income tax at the individual marginal tax rate and superannuation contribution, whilst contribution to superannuation would be subject to a contributions tax of 15%.

Share Option Program

The Company believes that Shareholders' interests in the longer term are best served by aligning the interests of Employees with the interests of shareholders. Alignment is achieved by allocating options to Hunter Hall International shares in accordance with the following guidelines:

- Only staff members who meet predetermined and agreed performance characteristics may be offered options.
- Options allocations to senior Executives on appointment are to be commercial and consistent with prevailing market practices.
- Exercise of options allocated is to be staggered equally over a five year period, beginning no earlier than 12 months after granting of options.
- Options may only be exercised whilst the staff member is an Employee of the Company.
- The option exercise price to be related to the share price existing at time employment conditions are agreed between the Company and the employee, or in the case of an existing employee, at or near the share price at the time of allocation of options.
- Additional options allocations may be made by the Board to Employees in exceptional circumstances.

Duties of Members of the Remuneration and Nomination Committee

The members of this Committee must:

- (a) act honestly,
- (b) exercise the degree of care and diligence that a reasonable person would exercise if they were in the member's position,
- (c) not make use of information acquired through being an Committee member in order to:
 - (i) gain an improper advantage for the member or another person, or
 - (ii) cause detriment to HHL or any of its Directors or Employees,
- (d) not make improper use of their position as a Committee member to gain, directly or indirectly, an advantage for themselves or for any other person or to cause detriment to Employees or Directors of HHL.



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Reporting

The Committee will report to the Board on an annual basis and more frequently if required, in relation to the Company's Remuneration and Nomination Program.

Membership

The Committee is made up of Directors of the Company. It must have at least three members. Committee members should be suitably qualified. The Board has responsibility for reviewing the qualifications of prospective Committee members and for ensuring that the appointees are suitably qualified.

Term

Members are appointed until further notice from the Board.

Replacement, Removal, Retirement of Committee Members

Replacement

If a Committee member resigns, is removed, ceases to be a Director or is otherwise unable to perform his or her duties, the Board may fill the vacancy and must do so if failure to appoint an appropriate person would cause a breach of this Charter.

Removal

The Board may remove a Committee member by giving at least one month written notice to that Committee member.

Retirement

Committee members may retire by providing at least one month written notice to the Committee and the Board.

Advice

In carrying out its functions, the Committee may commission independent legal, accounting or other professional advice or assistance, at the reasonable expense of HHL.

Resources

The Committee must inform the Board if it believes that it does not have adequate resources to properly perform its functions as a Committee.



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Meetings

Chair

The Committee will appoint a Committee member as Chair of the Committee.

Adjournment

The Chair has power to adjourn the meeting and reschedule accordingly, as agreed with the Committee members.

Quorum

A quorum shall consist of two Committee members.

Attendees

The Committee may invite any Director, executive of HHL or member of the Remuneration Committee to attend any meeting of the Committee where such attendance would be of benefit to the Committee.

Minutes, reports and recommendations

Meetings are formally minuted.

The Chair must ensure that minutes of the Committee meetings are kept and include details of all records, recommendations and actions required. The minutes shall be made available to Committee members and the Board.

Meeting frequency

The Committee shall meet annually or more frequently as determined by the Committee. Meetings may also be called at the request of the Chair or the Board.

Meeting method

The Committee meetings may be held using any method or technology agreed by the Committee members.

Convening meetings

Meetings may be called at the request of the Committee chair or the Board.

Voting

Voting at a meeting of Committee members is by simple majority.



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Disclosure of interests

A Committee member must disclose any direct or indirect pecuniary interest that they may have in a matter being considered or about to be considered by the Committee, if their interest could conflict with the proper performance of their duties in relation to the consideration of the matter.

This disclosure must occur at the first meeting of the Committee after the relevant facts have come to the Committee member's knowledge and must be recorded in the minutes of the meeting.

Rights to information and reports

The Committee members have the right to receive such reports as they deem necessary to carry out their functions and responsibilities.

The Committee is, amongst other things, entitled to:

- (a) request and be provided with any reports and other information relevant to their obligations,
- (b) have access to the employment records and appointment letters/contracts of Employees and Directors, and
- (c) request the attendance of any Executive or other staff member at a Committee meeting.

The Committee members may request reports and information from relevant staff as is deemed necessary to fulfil their responsibilities, including progress reports on action taken in relation to matters raised.

The Board must:

- (a) allow the Committee to have access to relevant records, and
- (b) otherwise assist the Committee in the performance of its functions.

Review of Charter

The Committee and the Board agree that this Charter may be reviewed by either party at any time and that a formal review be undertaken each year.

Revisions to the Charter are to be approved by the Board.