

Remuneration, People & Culture Committee Charter

The National Reconstruction Fund Corporation is a corporate Commonwealth entity established by the *National Reconstruction Fund Corporation Act 2023*. The NRFC's purpose is to facilitate the flow of finance to Australian businesses in seven priority areas of the economy.



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1 Governance

1.1 Purpose

The Board of the National Reconstruction Fund Corporation (**NRFC**) has established the Remuneration, People and Culture Committee.

The purpose of this Remuneration, People and Culture Committee Charter (**Charter**) is to set out the role, responsibilities, membership and operation of the People and Culture Committee (**Committee**) for the NRFC.

1.2 Authority

The Committee is a committee of the NRFC Board (**Board**) established in accordance the *National Reconstruction Fund Corporation Act 2023 (Cth)* (**NRFC Act**) and is authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities (s48). It has the authority and power to exercise the responsibilities set out in this Charter and under any separate resolutions of the Board granted to it from time to time.

1.3 Subsidiaries

The NRFC may from time to time and in accordance with the *Public Governance, Performance and Accountability Act 2013 (Cth)* (**PGPA Act**) and the NRFC Act, incorporate one or more subsidiaries to assist it in performing its investment functions under the NRFC Act. For the purposes of this Charter, a reference to NRFC includes a reference to each of its wholly owned subsidiaries unless the context requires otherwise.

1.4 Role of the Committee

The role of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to establishing people, culture and compensation strategies, policies and initiatives for the NRFC that:

- attract and retain exceptional talent and motivate and support employees to pursue the growth and success of the NRFC in alignment with the objectives and values of the NRFC;
- ensure that talented people are at the centre of the strategy and business plans of the NRFC;
- support the risk management framework of the NRFC; and equitably and responsibly reward employees, having regard to the performance of the NRFC, individual performance and statutory and regulatory requirements; and
- consider guidance provided by the Australian Government as appropriate.

1.5 Committee composition

The Committee will consist of at least three (3) members.

The Committee may be constituted partially or wholly from Board members (excluding the Chair of the Board), or wholly by persons who are not Board members (s48).

Membership is reviewed periodically and re-appointment to the Committee is not automatic. Appointments and resignations are decided by the Board.

2 Responsibilities

To discharge its roles and responsibilities, the key activities of the Committee include considering and providing recommendations and advice to the Board in relation to the following:

People and Culture Strategy

- Review and make recommendations to the Board for approval of People and Culture policies and other specified policies within the Committee's area of responsibility based on the Committee's review and assessment of them.
- Oversee the establishment and maintenance of effective People and Cultures, performance management and remuneration systems.
- Review and assess including skills gaps or succession vulnerabilities.
- Oversee and monitor people and conduct risks, including staff engagement and morale, misconduct and/or behavioural risks.
- Review and assess workforce planning and capability build including:
 - talent management and succession planning strategies; and
 - the Employee Value Proposition strategy, and their respective alignment to support achievement of the strategic goals of the business.
- Oversee implementation and management of the NRFC's Code of Conduct.

Appointment - Executive

The Board is responsible for the appointment, management and termination of the CEO. Otherwise the Committee will:

- monitor and periodically report to the Board in relation to the effectiveness of the CEO and Executive team; and
- review the CEO and Executive team succession plans and processes with a focus on maintaining an appropriate balance of skills, experience and expertise.

Performance and remuneration – Executive

- Review and make recommendations to the Board on for approval of:
 - the remuneration policy(s) for the CEO and the Executive team, any changes to the policy(s) and the implementation of the policy(s) (including any Ministerial approvals required);
 - the policies on recruitment, selection of, retention and termination of the CEO and the Executive team and any changes to those policies;
 - corporate goals and objectives relevant to the remuneration of the CEO and the Executive team, and the performance of the CEO (and the Executive team in consultation with the CEO) in light of these objectives; and
 - the remuneration package for the CEO, any changes to the remuneration package and recommending performance payments after evaluating the CEO's performance against criteria set out in the NRFC's remuneration policy(s) (when developed and approved).
- Oversee the remuneration packages for members of the Executive team, any changes to remuneration packages and proposed awards after evaluating their performance against criteria set out in the NRFC's remuneration policy and after consideration of any

recommendations by the CEO in relation to their direct reports.

Remuneration - Non-senior employees

- Review and make recommendations to the Board for approval of:
 - the methodology used to assess employee performance, remuneration and associated benefits including any short-term incentives;
 - the size of the incentive pool (if any) as part of the annual budget estimates of the NRFC based on consideration of pre-determined business performance indicators and the financial soundness; and
 - remuneration arrangements of individuals or groups of individuals which are significant because of their sensitivity, precedent or disclosure implications.
- Review and annual reporting to the Board on remuneration trends across the NRFC, including gender pay equity; and
- Review the areas of risk identified by management for managing and remunerating employees and:
 - satisfy itself that the NRFC has sound processes in place (including appropriate policies and procedures) to administer and effectively manage the related risks; and
 - ensure people-related risks are captured within the NRFC's overall risk management framework.

Liaising

The Committee will liaise with the Audit and Risk Committee in relation to:

- the NRFC's remuneration related reporting in the financial statements contained in the annual report and any other financial reports required under the PGPA Act, the NRFC Act or any applicable financial services laws; and
- the Code of Conduct as it relates to embedding a culture that promotes the proper (that is, efficient, effective, economical and ethical) use and management of public resources.

Chair

The Chair of the Committee is appointed by the Board and will chair all meetings. If the Chair is not present at a Committee meeting, the other Committee members present must appoint one of themselves to perform the role of Chair for that Committee meeting.

The Chair will report to the Board on material matters discussed at the Committee.

Company Secretary

The Committee will be supported by the Company Secretary.

The Company Secretary may delegate any of the responsibilities of the Company Secretary set out in this Charter to the Corporate Governance team.

3 Committee Practices

3.1 Convening meetings

The Committee holds meetings as necessary for the efficient and effective performance of its functions and responsibilities. Meetings are held at times and places that the Committee determines.

The Chair:

- may convene a meeting at any time but must convene at least 4 meetings each calendar year; and
- must convene a meeting within 30 days of receiving a request to do so from another Committee, the Chair of the Board, or those individuals responsible for the management of people and culture within the NRFC.

3.2 Quorum

Two (2) members constitute a quorum for meetings of the Committee.

However, if due to an actual, potential and/or perceived conflict of interest and/or duties:

- a Committee member is not present during deliberations, or is unable to take part in any decision of the Committee with respect to a particular matter; and
- when that member leaves the meeting concerned there is no longer a quorum present, the remaining members of the meeting constitute a quorum for the purpose of any deliberation or decision at that meeting with respect to that matter.

3.3 Decisions - Meetings

A question arising at a meeting is determined by a majority of the votes of the Committee members present and voting, noting a preference for unanimous approval.

The Chair or acting Chair at a Committee meeting has a deliberative vote and, in the event of an equality of votes, a casting vote.

3.4 Decisions – Circular resolutions

The Committee has flexibility to consider and make decisions on any matters without meetings (s34) if:

- all Committee members entitled to vote on the proposed decision are provided with the proposed resolution; and
- a simple majority of those committee members entitled to vote (**Majority**) sign a document containing a statement that they are in favour of the resolution set out in the document.

The document may be signed in counterparts (including by electronic means) and the resolution is passed when the last committee member entitled to vote that constitutes a Majority signs the document.

All Committee members are to be informed of the proposed decision, or reasonable efforts made to inform all the Board members of the proposed decision.

If a decision is made in accordance with the above procedure, the Committee is taken to have made a decision at a meeting.

In making any decision, Committee members:

- will approach all Committee deliberations in an independent, objective, impartial and unbiased manner;
- will not do anything, whether in their capacity as a Committee member or otherwise, to harm, or which has the potential to harm, NAIF's reputation and brand; and
- must not provide any commentary (on social media or otherwise) that may lead a reasonable person to conclude that they cannot serve in their capacity as a Committee member impartially and professionally.

3.5 Location

Committee meetings are to be held at the times and places that the Committee determines.

Committee Members may participate in Committee meetings in person, by telephone, video conference or any other means of communication. The use of technology is managed by the Company Secretary and the Chair.

A Committee member who participates in such a way is taken to be present at the meeting and to form part of any quorum for the meeting.¹

3.6 Agenda, papers and minutes

The Chair will consult with the CEO, the CPCO, the Company Secretary and such other persons as the Chair considers appropriate to set Committee agendas.

Committee papers will be uploaded to a board paper review platform (**Board Portal**) and will be available to Committee members five business days before a scheduled Committee meeting, or as otherwise agreed with the Chair. Where out of session or emergency meetings are required, papers will be provided at the earliest opportunity. It is the responsibility of each Committee member to ensure they can access the Board Portal and review the information provided to discharge their responsibilities as a Committee member.

The Committee, assisted by the Company Secretary, must keep the minutes in which it records the proceedings and decisions of all Committee meetings and must keep records of decisions made without a meeting.

The draft minutes of meetings and decisions will be distributed to the Chair and the Committee for review as soon as practicable following the relevant Committee meeting and ahead of the next Committee meeting. Minutes are taken as draft until they are ratified by the Committee at the next Committee meeting.

An annual forward planner including matters to be addressed throughout the year, dates, times and locations of meetings will be agreed in the October Committee meeting of the preceding year.

3.7 Attendees

In relation to meetings of the Committee:

- it is intended that the CEO and the CPCO will attend;
- members of the Executive and those individuals responsible for the management of People and Culture within the NRFC will have a standing invitation to attend all or part of a meeting;

¹ s33B, *Acts Interpretation Act 1901*.

- the Chair may also invite external advisors or any other person to attend all or part of a meeting;
- any Board member who is not a member of the Committee will have a standing invitation, but not an obligation, to attend a meeting;
- attendees may participate by telephone, video-conference or any other means of communication. An attendee who participates in such a way is taken to be present at the Committee meeting;
- no Executive member may be in attendance while their remuneration is under consideration; and
- attendance by attendees is otherwise subject to exclusion from all or any part of the meeting as deemed appropriate by the Chair.

3.8 Code of Conduct and Policies

Committee members will abide by the Board approved Code of Conduct and all other relevant Board approved policies.

3.9 Declaration of Interest

A Committee member must give the other Committee members notice of, and disclose, any material personal interests or conflicts of interests in a matter that relates to the affairs of the NRFC.²

The disclosure should be made as soon as practicable after the Committee member becomes aware of their interest or an actual or potential conflict of interest. Details of the disclosure must be recorded in the minutes of the meeting at which the disclosure is made or the meeting held after the disclosure.

Committee members may hold directorships or other roles with other organisations, however they must ensure these roles do not prejudicially affect the proper performance of their duties and obligations as Committee members. This includes compliance with NRFC's Conflict of Interest Policy and Confidentiality Policy.

3.10 Access to information, personnel and advisers

The Committee has the authority to seek information it requires from management, an NRFC employee or consultant and request that such person(s) attend meetings to provide any information or advice that the Committee requires.

The Chair, in consultation with the Chair of the Board, may seek independent professional advice (including legal or other advice by experts or consultants) in relation to the performance of the Committee's roles and responsibilities at the NRFC's expense. The Company Secretary will facilitate obtaining that external advice.

² s29, PGPA Act and s15, PGPA Rules.

4 Committee performance

4.1 Induction

New Committee members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

4.2 Evaluation

The Chair, in consultation with the Chair of the Board, will review the performance of the Committee from time to time as it deems appropriate, but in any event no less than annually as part of the Board performance evaluation process.

The result of the evaluation should identify, if relevant, any duties that the Committee has failed to perform and the remedial action that it has taken or proposes to take.

5 Review of this Charter

The Committee will review this Charter annually (or more frequently if required), to ensure it remains aligned with legislation and good practice. If any material amendments occur to the Charter arising from any review, the Charter will be provided to the Board for approval.

The Company Secretary may approve any immaterial and inconsequential amendments as necessary to maintain the accuracy and currency of this Charter. The Committee and the Board shall be promptly informed of any such amendments to this Charter.

Document Review and Approval

Sponsor	Approver	Approval Date	Next Review
Chief Legal Officer & Company Secretary	Board	January 2024	July 2025
Chief Legal Officer & Company Secretary	Board	July 2025	July 2026