

## AUSTRALIAN BAUXITE LIMITED

### REMUNERATION COMMITTEE CHARTER

#### Remuneration Committee

##### Overview

The Company wishes to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear. Consideration is also given to reasonableness, acceptability to shareholders and appropriateness for the current level of the Company's operations.

##### Role

The role of the Committee is to support and advise the Board on remuneration and remuneration related matters where specified and to make decisions under delegated authority with a view to aligning the interests of employees and shareholders. The recommendations will be guided by the principle that employees should be **appropriately** and **equitably** compensated for their services and motivated to perform to the best of their abilities in the interest of shareholders.

The role of the Committee is to provide advice and make recommendations to the Board on the following matters:

- Remuneration policy and any changes to remuneration policy and practices for all employees whose remuneration is not determined through Awards or Enterprise Bargaining Agreements; the remuneration for the Chief Executive Officers, executive directors and members of the Executive Management Team, being those executives reporting to the CEO;
- Performance-based (at-risk) components of remuneration and targets for the Company's financial performance as they relate to incentive plans;
- Allocations made under all equity-based remuneration plans;
- The remuneration for non-executive Directors and payments to non-executive Directors for additional duties undertaken on behalf of the Company;
- The review and assessment of the effectiveness of the Company's Remuneration Policy;
- Corporate governance processes relating to remuneration;
- Remuneration Report and processes supporting its preparation.

The Remuneration Committee has the authority to approve parameters used in determining salary scales and aggregate annual movements for all employees (excluding the CEO and Executive Management Team) whose remuneration is not determined through awards or Enterprise Bargaining Agreements.

##### Composition

The Board has established a remuneration committee.

The structure of the remuneration committee does not comply with recommendation 8.1 of the Principles of Good Corporate Governance and Best Practice recommendations set by the ASX Corporate Governance Council in relation to the composition in that it does not have at least three members. At this stage of the Company's development the Board considers it neither appropriate nor cost effective to adopt the ASX Corporate Governance Guidelines.

This matter continues to be under review and as circumstances allow consideration will be given to the appropriate time to adopt the ASX Corporate Governance Guideline.

**Procedures**

The committee shall meet as often as required but in any case not less than once per year to review and make recommendations for annual salary review.

Executives will not participate in that portion of the meeting at which their own remuneration or its structure are under discussion.

An agenda will be prepared for each meeting and distributed in advance of the meeting. Minutes of the meeting will be prepared and will be circulated initially to the Committee Chairman and then to the Committee members within a week after each meeting.

The committee may seek advice or assistance from external advisors or consultants as required to enable the Committee to fulfil its role. For matters pertaining to the remuneration of Directors and the Executive Management Team, the advisers will be commissioned by the Chairman, and their advice will be provided directly to the Committee.

**Approval and Review of Charter**

The remuneration Committee charter shall be approved by the full Board. The remuneration committee shall review the charter each year to maintain its relevance and the effectiveness of the Remuneration Committee and make recommendations for any amendments to the Board.