



**XTEK LIMITED
BOARD OF DIRECTORS
CORPORATE GOVERNANCE POLICY**

**HUMAN RESOURCES & REMUNERATION
COMMITTEE POLICY**

1. Introduction

- 1.1 The Human Resource (HR) and Remuneration Committee is a committee of the Board of Directors of XTEK Limited (**Company**).
- 1.2 The Board established the HR and Remuneration Committee under the Company's constitution. This charter sets out the scope of the HR and Remuneration Committee's responsibilities in relation to the Company.
- 1.3 The role of the HR and Remuneration Committee is not an executive role.

2. Objective

- 2.1 The objective of the HR and Remuneration Committee is to help the Board achieve its objective of ensuring the Company:
 - (a) maintains a system of human resource management that recognises the company's staff as the most important asset of the company and oversee that HR practices meet legislative requirements and meet the current and future business needs.
 - (b) has coherent remuneration policies and practices to attract and retain executives and Directors who will create value for shareholders;
 - (c) observes those remuneration policies and practices; and
 - (d) fairly and responsibly rewards executives having regard to the performance of the Company, the performance of the executives and the general pay environment.

2. HR and Remuneration policies and practices

- 2.1 HR practices should recognise the importance of the company's staff as a critical aspect of building shareholder value. HR practices must meet legislative requirements. The HR and Remuneration Committee must review the succession plans within the company with the executive team annually in order to review and plan the future needs of the Company.
- 2.2 Executive and senior management remuneration and incentive policies and practices must be performance based and aligned with the Company's vision, values and overall business objectives.
- 2.3 Executive and senior management remuneration and incentive policies and practices must be designed to:
 - (a) motivate the Directors and management to pursue the Company's long term growth and success; and
 - (b) demonstrate a clear relationship between the Company's overall performance and the performance of executives.

3. Remuneration

3.1 In performing its responsibilities in relation to remuneration, the HR and Remuneration Committee must give appropriate consideration to the Company's performance and objectives, employment conditions and remuneration relativities.

3.2 The HR and Remuneration Committee is responsible for:

Executive remuneration and incentive policies

- (a) reviewing, approving and recommending to the Board for adoption executive remuneration and incentive policies and practices;

Executive Directors and senior management

- (b) annually considering, approving and recommending to the Board each executive Director's total remuneration (including base pay, incentive awards, equity awards, retirement rights and terms of engagement) having regard to executive remuneration and incentive policies;
- (c) determining if shareholder approval is needed for any change to the remuneration of Directors or executives; and
- (d) for senior management, review and approve, on the recommendation of the Chief Executive Officer:
 - (i) the total remuneration (including incentive awards, equity awards, retirement and termination rights);
 - (ii) terms of engagement; and
 - (iii) changes to the total remuneration and terms of employment, of direct reports to the chief executive officer and other senior executives.
- (e) recommending to the Board for approval changes to the remuneration or terms of engagement of executive Directors before implementation;
- (f) preparing for approval by the Board any report on executive remuneration that may be:
 - (i) required by the ASX Listing Rules or the *Corporations Act 2001*(Cth); or
 - (ii) proposed for inclusion in the annual report, and
 - (iii) reporting regularly to the Board on those matters

Executive incentive plans

- (g) reviewing, approving and recommending to the Board for adoption the design of any executive incentive plan;
- (h) reviewing, approving and recommending to the Board for adoption the total proposed payments from any executive incentive plan;

- (i) reviewing, approving and recommending to the Board for adoption the design of any equity based plan;
- (j) reviewing any plan for legislative, regulatory and market developments;
- (k) reviewing, approving and recommending to the Board for approval the total proposed awards under each equity based plan;
- (l) reviewing, approving and recommending to the Board for approval the proposed award to each executive under the rules of any plan or as determined by the HR and Remuneration Committee;
- (m) reviewing, approving, recommending to the Board for adoption the performance hurdles for any equity based plan;

Non-executive Directors

- (n) reviewing the remuneration of non-executive Directors for serving on the Board or any committee (both individually and in total);
- (o) recommending to the Board the remuneration and retirement policies for non-executive Directors having regard to market trends and shareholder interests;

Superannuation

- (p) reviewing superannuation arrangements;

Reimbursement of expenses

- (q) reviewing and monitoring the reimbursement of any expenses incurred by Directors and senior executives; and

Insurance and indemnities

- (r) reviewing insurance premiums or indemnities for the benefit of Directors and officers.

3.3 A member of the HR and Remuneration Committee must not participate in any review or assessment of their own remuneration.

4. Recruitment and termination

4.1 The HR and Remuneration Committee is responsible for:

- (a) reviewing and recommending to the Board for approval termination payments to Executive Directors before they are implemented; and
- (b) considering and, if appropriate, ratifying termination payments to direct reports of the Chief Executive Officer and other senior executives and members of the senior management team or executive committee.

4.2 Any termination payment to any other departing executive should be reported to the HR and Remuneration Committee at its next meeting.

5. Other responsibilities

5.1 The HR and Remuneration Committee is responsible for undertaking any other function that the Board considers appropriate in the context of this charter

6. Nomination Committee

6.1 The HR and Remuneration Committee will:

- (a) refer matters relating to the recruitment, retention and termination policies for Directors to the Nomination Committee; and
- (b) work closely with the Nomination Committee in exercising its powers and performing its responsibilities under this charter.

7. HR and Remuneration Committee composition

7.1 The HR and Remuneration Committee must comprise:

- (a) at least three members; and
- (b) a majority of independent Directors.

7.2 The HR and Remuneration Committee will appoint its chairperson. The chairperson of the HR and Remuneration Committee should be an independent Director.

7.3 The Company Secretary is to be the Secretary of the Remuneration Committee.

7.4 The Board decides appointments, rotations and resignations within the HR and Remuneration Committee having regard to the ASX Listing Rules, the *Corporations Act 2001 (Cth)* and the Company's constitution.

8. HR and Remuneration Committee meetings

8.1 The HR and Remuneration Committee will meet as often as it considers necessary.

8.2 The quorum for a HR and Remuneration Committee meeting is two HR and Remuneration Committee members.

8.3 HR and Remuneration Committee meetings may be held by any technological means allowing members to participate in discussions even if all of them are not physically present in the same place. A member who is not physically present but participating by technological means is taken to be present.

8.4 The HR and Remuneration Committee may pass or approve a resolution without holding a meeting in accordance with the procedures (so far as they are appropriate) in section 248A of the *Corporations Act 2001 (Cth)*.

8.5 The HR and Remuneration Committee may invite anyone it regards appropriate to attend HR and Remuneration Committee meetings.

9. Minutes of HR and Remuneration Committee meetings

- 9.1 The HR and Remuneration Committee must keep minutes of its meetings and be included in the papers for the next full Board meeting after each HR and Remuneration Committee meeting.
- 9.2 Minutes must be distributed to all HR and Remuneration Committee members, after the HR and Remuneration Committee chairperson has approved them.
- 9.3 Minutes, agenda and supporting papers are available to Directors upon request to the Company Secretary, except if there is a conflict of interest.

10. Reporting to the Board

- 10.1 The HR and Remuneration Committee chairperson must report the HR and Remuneration Committee's findings to the Board after each HR and Remuneration Committee meeting.

11. Access to information and independent advice

- 11.1 The HR and Remuneration Committee may seek any information it considers necessary to fulfil its responsibilities.
- 11.2 The HR and Remuneration Committee has access to management and may seek explanations and information from management, at the Company's cost.
- 11.3 The HR and Remuneration Committee may seek professional advice from employees of the Company and from appropriate external advisers, at the Company's cost. The HR and Remuneration Committee may meet with external advisers without management being present.

12. Review and changes to this charter

- 12.1 The HR and Remuneration Committee will review this charter annually or as often as it considers necessary.
- 12.2 The Board may change this charter from time to time by resolution.

13. Approved and adopted

- 13.1 This policy was approved and adopted by the Board on 28 September 2009.

Date: 28 September 2009

Signed:



Uwe Boettcher
Chairman of the Board of Directors
XTEK Limited