



# Sydney Airport Limited

## Nomination and Remuneration Committee Charter

### Purpose

This Charter sets out the authority and responsibilities delegated by the board of directors (Board) of Sydney Airport Limited (Sydney Airport) to the Nomination and Remuneration Committee (the Committee) and details how the Committee will operate.

### Composition of the Committee

The Committee will comprise at least three non-executive directors, a majority of whom are independent.

The Board will appoint one of the independent directors on the Committee to be chair of the Committee. The chair of the Board may chair the Committee, however, a separate chair of the Committee will be appointed if and when the Committee is dealing with the appointment of a successor to the chair of the Board.

The General Manager Human Resources or the Company Secretary or his or her delegate will be the secretary of the Committee.

### Meetings and minutes

The Committee will meet as frequently as it believes is required to fulfil its duties and responsibilities effectively. Additional meetings may be convened if matters arise between scheduled meetings that need immediate consideration. Where a meeting is called at short notice, consideration (including in respect of the time and place) will be given to ensure a maximum number of Committee members are available to attend. In addition, the secretary of the Committee is required to call a meeting of the Committee if requested to do so in writing by any Committee member, the Board or the external auditor.

A quorum of the Committee is two members, at least one of which must be independent.

If the chair of the Committee is unable to attend a meeting and no acting chair has been appointed, another member of the Committee who is an independent director will act as chair at that meeting.

Matters requiring a decision will be decided by a majority of votes of members of the Committee present at meetings. The chair does not have a casting vote.

No member of the Committee or attendee is permitted to be present or involved in assessing his or her own remuneration or performance.

Any director may attend meetings of the Committee, but only members of the Committee will have voting rights. The Committee may invite other persons to its meetings as it deems necessary.

Draft minutes of the Committee will be prepared by the secretary of the Committee, approved by the chair of the Committee and circulated to all members of the Committee. Final minutes of each Committee meeting will be provided to the Board.

At the next Board meeting after a Committee meeting, the chair of the Committee will provide an update on any material matters that should be brought to the Board's attention or that require the Board's approval.

## **Access to Information and Independent Advice**

The Committee must be provided with the information it needs to efficiently discharge its duties. This must be provided by management in a form and timeframe and be of sufficient quality.

The Committee has authority to conduct or authorise investigations into any matters within its role and to refer matters to other committees of the Board for review.

The Committee may make recommendations to the Board about any matter within the Committee's duties and responsibilities that require a decision of the Board.

The Committee does not have the authority to make decisions on any matter reserved for the Board, unless the power to make a decision is specifically delegated by the Board through this Charter or as authorised by resolution of the Board.

The Committee may at any time meet with remuneration consultants, other appropriate external consultants or any member of management in a separate session to discuss any matters that the Committee, consultants or relevant member of management believe should be discussed privately.

The Committee may, at Sydney Airport's expense, engage remuneration consultants and other appropriate external consultants to assist the Committee to discharge its responsibilities.

Committee members are entitled to obtain reasonable independent legal, financial or other advice at Sydney Airport's cost. Any Committee member seeking independent advice must first discuss the request with the chair of the Committee who will facilitate obtaining such advice and, where appropriate, will provide a copy of the advice to each of the other Committee members.

## **Charter review**

The Committee will review this Charter as required to ensure that it is consistent with the Committee objectives and responsibilities. Any changes to the Charter must be approved by the Board.

## Nomination and Remuneration Committee responsibilities

The role of the Committee is to assist the Board by:

### Nomination matters

- identifying necessary and desirable competencies of directors, including by creating and maintaining and updating a Board skills matrix.
- making recommendations regarding the composition of the Board to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity and is of a size that encourages efficient decision-making.
- developing and reviewing the process for the selection, appointment and re-election of directors including ensuring that appropriate background checks are carried out on potential candidates.
- identifying and making recommendations to the Board for the appointment of new Board and Board committee candidates and for the re-election of directors retiring by rotation at the annual general meeting.
- overseeing the development and implementation of a process for evaluating the performance of the Board, Board committees, and directors individually.
- reviewing and assessing the time commitment required from directors and assessing whether directors are meeting that requirement and will have the capacity to meet that requirement in the future.
- developing succession plans for the chair of the Board and other non-executive directors, to maintain an appropriate balance of skills, experience, expertise and diversity and having regard to each director's tenure.
- establishing and overseeing an induction program for directors.
- monitoring the continuing professional development opportunities made available to directors for the purpose of maintaining and updating their skills and knowledge.
- ensuring that there are appropriate succession plans in place for the CEO and other senior executives.

### Remuneration matters

- developing, reviewing and making recommendations on the remuneration framework and remuneration policies and practices for Sydney Airport employees and directors, ensuring that remuneration policies and practices:
  - are aligned to the strategic objectives, values and risk appetite of Sydney Airport;
  - are designed to attract and retain high performing and committed employees and directors;
  - effectively link remuneration to performance and, in the case of remuneration for senior executives, align remuneration to the performance of Sydney Airport as a whole and to securityholder value;
  - are fair and reasonable including from a gender equity perspective; and
  - comply with all relevant legal requirements.
- regularly reviewing any equity-based incentive schemes, including consideration of performance thresholds and regulatory and market requirements.
- reviewing superannuation arrangements for directors, senior executives and other employees.
- reviewing and making recommendations to the Board on the remuneration and employment contract arrangements for the CEO and other Senior Executives, including quantum, the structure of at-risk remuneration (short-term, long-term, and equity-based incentives), and other principal employment terms, having regard to Sydney Airport's remuneration framework which is aimed at:
  - motivating executive management to pursue the strategic objectives of Sydney Airport within an appropriate control framework;
  - demonstrating a clear relationship between key executive performance and remuneration; and
  - ensuring due consideration to law, corporate governance principles and market factors.

- reviewing and approving any proposed termination payments to the CEO and senior executives.
- monitoring, reviewing and making recommendations to the Board regarding the key accountabilities and appropriate performance measures for the CEO and other senior executives.
- monitoring the performance of the CEO and assisting the Board chair in undertaking an annual review of the CEO's performance against agreed measures.
- reviewing the performance review process for senior executives and the CEO's annual review of each senior executive's performance against agreed measures.
- reviewing and making recommendations regarding Sydney Airport's remuneration-related reporting in the financial statements and remuneration report. The Committee will liaise with the Audit and Risk Committee in undertaking this responsibility.

#### Diversity

- reviewing and making recommendations to the Board regarding Sydney Airport's Diversity and Inclusion Policy, strategy and framework.
- assisting the Board to establish and monitor strategies to promote workplace diversity and inclusion at Sydney Airport.

- reviewing on an annual basis:
  - the relative proportion of women and men in the workforce at all levels;
  - measurable objectives for achieving gender diversity; and
  - progress towards achieving those objectives.

#### Performance culture

- reviewing and making recommendations to the Board regarding major changes and developments in or to management programs to optimise the contributions of Sydney Airport's people to support and further corporate objectives, particularly relating to:
  - succession and development planning;
  - attraction, recruitment and retention;
  - performance management;
  - gender pay equity;
  - diversity; and
  - overall culture and engagement.

#### Other matters

- ensuring that all matters relevant to the Committee's roles and responsibilities are reported to the Board on a timely basis.